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FINAL REPORT

OF THE

TASK FORCE ON LOCAL, STATE & FEDERAL REVENUES

Respectfully Submitted: April 16, 2003

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MISSION STATEMENT & TASK FORCE MEMBERS

Mission Statement

It shall be the mission of the *Task Force on Local, State and Federal Revenues*, through the use of and subsequent to conducting one or more public hearings, the focus of which shall be the general appropriations bill filed by the Governor for Fiscal Year 2004 and the generation of state and local revenues and the accessing of federal funds, to provide the members of the House of Representatives and, in particular, the Committee on House Ways and Means an objective analysis of said general appropriations bill and a list of options proposed in the course of the public hearings so held to address any fiscal problems faced by the Commonwealth and its municipalities that have not been adequately addressed in said general appropriations bill as filed by the Governor.

Task Force Members & Staff

Appointed:

Taxation:

Rep. Paul C. Casey, Chair (D-Winchester)
Rep. Vincent P. Ciampa (D-Somerville)
Rep. Michael J. Coppola (R-Foxborough)

Government Regulations:

Rep. Daniel E. Bosley (D-North Adams)
Rep. Brian Paul Golden (D-Boston)
Rep. Scott P. Brown (R-Wrentham)

Homeland Security & Federal Affairs:

Rep. Martin J. Walsh (D-Boston)
Rep. David M. Nangle (D-Lowell)

Ways & Means:

Rep. Harold Naughton (D-Clinton)
Rep. Anthony Petruccelli (D-Boston)
Rep. Philip Travis (D-Rehoboth)
Rep. Cheryl Rivera (D-Springfield)

Volunteer:

Rep. Cory Atkins (D-Concord)
Rep. Deborah D. Blumer (D-Framingham)
Rep. Gloria L. Fox (D-Boston)
Rep. James B. Eldridge (R-Westfield)
Rep. Jeffrey Sanchez (D-Boston)
Rep. James J. Marzilli, Jr. (D-Arlington)
Rep. Thomas M. Stanley (D-Waltham)
Rep. Paul C. Demakis (D-Boston)
Rep. Anne M. Paulsen (D-Belmont)
Rep. Frank M. Hynes (D-Marshfield)
Rep. Mark V. Falzone (D-Saugus)
Rep. Robert P. Spellane

The *Task Force* would also like to thank the following staff members of the *Committee on Taxation* for their contribution:

Scot P. Keefe, Research Director
Anne M. Brown, Counsel
Anthony DeGregorio, Counsel
Michael Capuano, Jr., Intern

LOCAL REVENUE ISSUES

The following is an outline of testimony provided by the *Massachusetts Municipal Association*, *Massachusetts Collectors & Treasurers Association* and *The Honorable Thomas M. Menino, Mayor of the City of Boston*, along with suggestions provided by the Finance Directors of various towns and other members of the general public. This outline is formatted to:

1. Address the problems that the Governor's budget proposal (*House 1*) for FY2004 creates for the Commonwealth's municipalities, and
2. List the many options proposed by the above-named persons and entities in an effort to work with the House of Representatives toward a fair and practicable solution to said fiscal problems.

The Problem:

Analysis of *House 1* for Fiscal Year 2004:

The various changes in municipal aid accounts (non-school accounts) in the Governor's budget bill would result in cuts totaling \$233,778,937, which is equal to 20.89% of the amounts distributed to municipalities this year, after cuts of \$114 million made in January in Additional Assistance and Lottery distributions.

Some cities and towns would face complete elimination of general municipal aid under the governor's proposal.

The Governor claims the dramatic changes are intended to close a budget gap of \$2.89 billion without increasing taxes and to make long-term improvements to how state services and benefits are provided.

Contrary to claims by the Administration as to the true extent of its proposed cuts,

- *House 1* does NOT limit the loss of every municipality's aid to 10.5%
- Total municipal aid reduction is MORE than 5%.

Administration creates confusion by linking local aid and education aid in a manner that makes it difficult for municipal officials to understand.

The 20.89 % figure, however, masks more dramatic shifts in the true local aid amounts proposed in *House 1*, ranging from 100 % reductions to windfalls of double and triple the municipality's FY03 municipal aid. These arbitrary cuts have no relation to need or wealth, nor are they distributed through an across the board cut. In total, comparing non-school non-Chapter 70 Section Three municipal aid from FY03 to FY04 *House 1*, the following is revealed:

- 176 municipalities receive a reduction of aid greater than the 10.5 % cut promised by the Governor
- 157 municipalities receive a reduction greater than 20 %
- 27 municipalities would see every penny of their local aid disappear, leaving them with no capacity to meet their local non-educational needs

House 1's local aid proposal presents House members with a very real problem. We cannot restore, even partially, *House 1's* significant municipal aid reductions without taking away the equally large *House 1* municipal aid windfalls. There is no reasonable basis for applying such wildly differential reductions in an era when all municipalities must suffer together and share the pain equally. Any proposal made by the House must address the need for clarity and transparency.

Specifics of *House 1* Budget Proposal relevant to Local Revenues & Finance:

- Total Spending: \$22.9 billion
- Cuts local government accounts by \$283 million (5.2%) and makes radical changes in how payments are distributed to individual municipalities and school districts
- Eliminates Cherry Sheet Additional Assistance account (\$405 million)
- Cuts Lottery distributions by \$286 million (41%)
- Expands Cherry Sheet Payment-in-Lieu-of-Taxes (PILOT) program to \$173 million (increase of \$163 million)
- Funding for the Police Incentive Pay program ("Quinn Bill") would be increased by \$4 million to \$46 million to cover the increase in the Commonwealth's 50% obligation

Other issues facing municipalities to keep in mind:

- Property Tax of elderly
 - Pressure to create greater abatements, exemptions & deferrals
- Pervasive need for post-winter road & bridge repair
- Cities and towns currently bear the burden of maintaining several programs that are mandated by the Commonwealth.¹

Possible Solutions:

¹ An Example of Mandated (School) Programs for the Town of Stoneham

		<u>Total</u>
• Professional Development	\$125.00 per pupil	\$375,000.00
• Transportation - 2 mile limit	minimum - 1 bus at \$37,000	\$37,000.00
• Mentorship program for new teachers		\$10,000.00
• Annual restraint training program for all teachers	min. -\$6500.- max. \$26,000.	\$16,000.00
Total =		\$546,000

State Reserves

Consider tapping \$800 million in reserves to minimize the impact of mid-year budget cuts beyond the Medicaid deficit (includes Commonwealth Stabilization Fund, Tobacco Settlement Trust Fund, *et al.*).

Tax Amnesty Programs

Consider more programs during coming years.

- Succeeded at state level
- Passed for municipalities in St. 2003, c. 4

Long-range borrowing

Borrow \$1 billion in deficit reduction bonds for 7- to 10-year repayment period.

Same strategy worked effectively during previous fiscal crisis. Bonds could be secured against anticipated payments from debtor tobacco companies as result of legal settlement with the Commonwealth.²

- Commonwealth borrowed \$1.4 billion (state budget was \$12 billion) at higher interest rates than those available today, which was paid off over a 7-year period and enabled the state to lessen budget cuts.

Allowing for local-option taxes³

Local aid cuts lead to increases in the local property tax, which is the most regressive of all major taxes in this state. If the state refuses to fund local aid at necessary levels to protect local services and to maintain the fiscal health of municipalities, communities have no choice but to ask for expanded authority to adopt local-option taxes, which could include:

- Local option sales/meals tax of up to 3%
- Local option room occupancy tax increase of up to 2%
- Local option entertainment/ticket fees of \$0.50 per ticket
- Local option parking fees of 10% of price of privately owned, off-street parking charges
- Local option placement of overlay outside the levy limit
- Local option tax on billboards

The following may also be allowed by local option or made effective statewide:

- Strike unanticipated/emergency expenses (e.g., snow & ice removal) from the Prop 2½ Levy Limit
- Adjust Prop 2½ levy limit to reflect real increase in costs (e.g., index levy limit to increases in public school attendance and/or senior populations beyond 2.5%)
- Adjust Motor Vehicle Excise⁴

² Note that several other states are presently considering reversing their strategies of leveraging future tobacco monies due to risk of bankruptcy of debtor tobacco companies.

³ Representative Philip Travis (D-Rehoboth), an appointed member of the Revenue Task Force from the Committee on Ways & Means, expressed his strong support for expanding local autonomy in this category of measures.

⁴ See Appendix A

- Retard depreciation schedule
- Increase rate (current: \$25/\$1000 of valuation)

Local Option Increases to Municipal Fees & Fines

In order to maintain core services, cities and towns should be allowed to increase fees and fines in such a way as to more accurately reflect the actual cost of the services provided or more appropriately and effectively deter conduct that has been determined to be harmful to society. Such fee & fine adjustments include:

Fees⁵:

- Municipal Lien Certificate: increase from \$25 to \$50
- Deputy Collector Warrant: increase from \$14 to \$25
- PILOT Agreements: charge \$10 demand amount & 14% interest
- RMV Clearing Fee: increase from \$20 to \$30
- License fees for:
 - Restaurants and Hotels, Lodging Houses
 - Manufactured Housing Communities, Mobile Home Parks
 - Pawnbrokers
 - Used Car Sales
 - Lunch Carts
 - Junkyards
 - Shooting Galleries
 - Steam Engines & Furnaces
 - Firearms (*House 1* does raise from \$25 to \$75)
 - Dogs
 - Pool Halls & Bowling Alleys
 - Amusement Parks & Traveling Carnivals
 - others

Fines⁶:

- Motor Vehicle-related
 - Parking
 - Moving
- Trespassing
- Destruction of property
- Illegal dumping, littering

Enforcement of delinquent fees & fines

⁵ See Appendix B for more comprehensive list of state & local fees and date of most recent update.

⁶ See Appendix C for more comprehensive list of state fines and date of most recent update.

Effect collection of timely &/or overdue fees & fines through State Comptroller (Intercept Program) on behalf of municipalities (as well as state agencies & authorities).

Other ideas include the following:

- Amend Brownfields Law to exempt municipality that forecloses on property for unpaid environmental clean-up costs
- Amend Bidding Law to simplify RFP process and eliminate prevailing wage requirement
- Freeze collective bargaining agreements for 1 year
- Regionalize Veterans' Services
- Close more loopholes
 - Tax tangible property of all telecommunication companies
- Reduce number of hours of operation required by local libraries to receive supplemental state funding
- Allow towns to create local stabilization and capital improvement funds
- Facilitate lock-box funds

STATE REVENUE ISSUES

How We Got Here:

While the Massachusetts economy was thriving in the 90's, the Legislature passed **45 substantial tax cuts**⁷ reducing State Revenues by \$4 billion/year. These included:

- Reducing income tax rate from 6.25% to 5.3%
- Reducing tax rate on Interest and Dividend Income from 12 to 5.95%
- Creating a refundable tax credit for seniors with high property tax ("Circuit Breaker")
- Repealed Sales Tax on Services
- Increasing the Corporate Investment Tax Credit from 1% to 3%
- Doubling of the Personal Exemption

Last year, Massachusetts lost a staggering \$2.5 billion in tax revenues that helped precipitate our current fiscal crisis. According to MTF, the following factors played dramatic roles in creating the worst fiscal crisis Massachusetts has experienced in the last 50 years:

- The phasing in of Question 4, the voter-approved income tax cut, **removed \$1 billion** from the state coffers and coincided with beginning of the economic recession
- Increasing health care costs accelerated Medicaid expenditures
- Bursting of the stock market bubble led to significant decline/ erosion of capital gains receipts
- A continued recession that has led to higher unemployment rates and reliance on state revenues

Remarkably, these shortfalls are occurring despite last year's **FY03 \$1.2 Billion Tax Package**, which included the following:

- Freezing income tax rate at 5.3% (set to decrease/econ. Indicators are met):\$205 million
- Reducing the personal exemption (set to increase/econ. Indicators are met):\$240 million
- Suspending the charitable deduction: \$180 million
- Increasing rate on long-term capital gain income: \$275 million
- Increasing tax on cigarettes by \$.75/pack: \$205 million
- Restored the Massachusetts estate tax

Bombarded by newspaper articles and political rhetoric, taxpayers have now latched onto the idea of "Closing Corporate Tax Loopholes." Many constituents view our complex tax code as an endless opportunity for well-financed companies to game the system and minimize their tax bills by legal means. As a result, corporations have come under fire. However, all of you should be aware that the Legislature did indeed pass a Corporate Loophole Tax Package, enacted on March

⁷ See Appendix D

5, 2003. This package will stem some of the corporate revenue loss and should put back **\$150 million** (FY04) into state coffers.⁸

The Problem:

The state's fiscal leaders have agreed on a consensus revenue estimate for FY04 totaling \$14.68 billion. Based on these conservative estimates, the Commonwealth faces a budgetary deficit of \$2.4 billion or more in the coming fiscal year.

"Misery Loves Company"- We are not alone:⁹

In addition to the Commonwealth, a majority of other state budgets are currently under siege. Some 36 states reported budget gaps midway through FY 2003 and the current cumulative gap is approximately \$25.7 billion for FY 2003 – an increase of almost 50% since November.

In an effort to boost revenues to help close budget gaps, 10 states are tapping rainy day funds, 7 states are eyeing tobacco funds, 6 states higher alcohol taxes, while 4 states note that increases in the personal income tax are under consideration.

As a point of reference, the following states are considering the following Budget Proposals:

- **California:** Requires a sunset review of all "tax breaks" and has created a list of 25 services to be considered for taxation at rates of 1, 3, and 5% (including custom software, cable and satellite television, legal, accounting, engineering, agricultural, management services and repair labor)
- **Connecticut:** New personal income tax rates, sales tax on computer and data processing services, repealing newspaper and magazine exemption, imposing a surcharge on the corporate business tax and business entity tax of 20% for 2003 and 10% for 2004, capping the R&D and other credits, doubling the alternative minimum tax, increasing fees/rates on pass-through entities
- **Illinois:** Proposes to expand state sales tax to services, end the Net Operating Loss (NOL) deduction from 2 years to 0, reduce the carry-forward on NOLs from 10 to 5 years, and repeal Single Sales Factor (SSF) apportionment for corporations
- **New York:** Entertaining the idea to adopt Combined Reporting for corporations, changing the current Alternative Minimum Tax (hits corporations who use deductions and credits to limit amount of tax owed to state), and decoupling from IRC

⁸ See Appendix E

⁹ See attached State Tax Rates

Possible Options:

The *Task Force on Local, State, and Federal Revenues* conducted two public hearings around the state to solicit ideas from concerned citizens, fiscal experts, the business community, elected and appointed city and town officials, and the general public. Based on these hearings, the *Task Force* has developed the following list of state revenue options for members to consider when debating on how to best balance the state's spending plan.

Tax Adjustments

An increase of 1% will generate the following:

- Increase in the Income Tax: Each .10% increase (i.e. from 5.3% to 5.4%) generates approximately **\$113 million**
- Increase in the State Sales Tax: Each 1.0% increase (i.e. from 5 to 6%) generates approximately **\$750 million**
- Increase in the Gas Tax: Each \$.01 tax increase generates approximately **\$33 million**

Income Taxes

- Roll back the income tax to 5.60%: \$475 million
- Roll back the income tax to 5.95%: \$1 billion

Business Taxes

- Eliminate R&D tax credit: \$96 million
- Repeal single sales factor apportionment for manufacturers: \$47 million
- Repeal single sales factor apportionment for mutual fund companies: \$125 million
- Combined reporting for corporations:⁹ estimate not available
- Eliminate the investment tax credit: \$31.9 million
- Tax credit unions like banks: \$9 million
- Remove exemption for Massachusetts bank interest: \$10 million
- Increase corporate minimum tax:¹⁰ estimate not available
- Impose entity-level tax on pass-through business organizations: estimate not available
- Corporate tax disclosure for publicly traded companies: no revenue impact

⁹ 16 states already have Combined Reporting whereby corporations are required to add together the profit of related businesses before the combined profit is subjected to formula apportionment- thus, the corporation gains little or no advantage by shifting the profit between various corporations in the corporate group- through PICs or other mechanisms.

¹⁰ Currently \$456

Sales and Excises

- Raise the sales tax from 5 percent to 6 percent: est. \$195 million (current revenue: \$ 65 million)
- Reduce clothing deduction from \$175 to \$100: estimate not available
- Subject alcoholic beverages to the sales tax¹¹: \$60 million
- Increase excise on alcohol at the wholesale level: \$ 165 million
- Remove other exemptions: see *Tax Expenditure Budget*
- Raise the gas tax by 3 to 10 cents per gallon
- New tax on retail sales and use of ammunition: estimate not available
- Repeal sales tax exemption on newspapers and magazines: \$34 million
- New excise on rolling papers: no revenue estimate
- Timely implementation of *Streamlined Sales and Use Tax Agreement*: \$300 million
- Allow sale of alcoholic beverages on Sunday: no revenue estimate
 - Retail electronic pricing system: \$20 million

¹¹ Under current law, alcohol is exempt from the 5% sales tax. Instead, the manufacturer, winegrower, farmer-brewer, and importer pay an alcohol excise based on type of alcohol and content.

FEDERAL REVENUE SOURCES

The *Task Force* heard expert testimony from Robert Tannenwald, Economist and Assistant Vice-President of the Federal Reserve Bank of Boston, and two lecturers from the Kennedy School of Government at Harvard University, Robert Behn and David Luberoff.

Dr. Tannenwald discussed recent trends in federal aid to Massachusetts and produced some comparative statistics showing Massachusetts' relative position versus other states.

Among his findings were:

- Nationwide, growth in federal aid per capita is slowing
- Massachusetts' growth in federal aid per capita lagged behind the nation
- Growth rates in federal aid to Massachusetts worsened once Medicaid was removed from the calculation
- Growth rates in federal aid to Massachusetts worsened even further when transportation is discounted.
- However, Massachusetts' aid per capita is higher than the national average
- Massachusetts' advantage in dollars per capita is mostly the result of Medicaid spending
- Massachusetts' edge in federal dollars disappears entirely once transportation aid is out of the equation

Robert Behn of the Kennedy School outlined a strategy for pursuing additional federal dollars.

Among his findings were:

- No federal help likely – War spending and Tax cuts
- Massachusetts' congressional delegation is in the minority and poorly placed on committees
- No opportunities to shift state costs to feds as in last fiscal crisis (Medicaid)
- Big Dig hangover (future grants promised to pay Grant Anticipation Notes)

Appendix A

MOTOR VEHICLE EXCISE

Current Law & Possible Adjustments Examined

MASSACHUSETTS GENERAL LAWS

Chapter 60A. Excise Tax on Registered Motor Vehicles in Lieu of Local Tax

Current Law:

Currently, cities & towns assess an excise of \$25 *per \$1,000 of valuation* on motor vehicles.

For the purpose of the motor vehicle excise, value is determined by MSRP in accordance with the following schedule:

In the year preceding the designated	
year of manufacture	50%
In the year of manufacture	90%
In the second year	60%
In the third year	40%
In the fourth year	25%
In the fifth and succeeding years	10%

Minimum Excise:\$5

Example: Model Year 2000 vehicle with original MSRP of \$20,000:

In the year preceding the designated	
year of manufacture	50%: 20,000/1,000 x .50 x \$25= \$250 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$25= \$450 excise
In the second year	60%: 20,000/1,000 x .60 x \$25= \$300 excise
In the third year	40%: 20,000/1,000 x .40 x \$25= \$200 excise
In the fourth year	25%: 20,000/1,000 x .25 x \$25= \$125 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$25= \$50 excise</u>
Total excise collect over six-year period	\$1,375

Proposal:

Allow cities & towns assess an excise of \$30 or \$35 per \$1,000 of valuation on motor vehicles, as opposed to the current \$25, and/or amend the depreciation schedule to read as follows:

In the year preceding the designated	
year of manufacture	60%
In the year of manufacture	90%
In the second year	70%
In the third year	50%
In the fourth year	30%
In the fifth and succeeding years	10%

Examples: Using the same example: Model Year 2000 vehicle with original MSRP of \$20,000:

Amended Depreciation Schedule Only:

In the year preceding the designated	
year of manufacture	60%: 20,000/1,000 x .60 x \$25 = \$300 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$25 = \$450 excise
In the second year	70%: 20,000/1,000 x .70 x \$25 = \$350 excise
In the third year	50%: 20,000/1,000 x .50 x \$25 = \$250 excise
In the fourth year	30%: 20,000/1,000 x .30 x \$25 = \$150 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$25 = \$50 excise</u>
Total excise collect over 5-year period	\$1,550

IncreasedRate to \$30 per \$1,000 of Valuation Only:

In the year preceding the designated	
year of manufacture	50%: 20,000/1,000 x .50 x \$30 = \$300 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$30 = \$540 excise
In the second year	60%: 20,000/1,000 x .60 x \$30 = \$360 excise
In the third year	40%: 20,000/1,000 x .40 x \$30 = \$240 excise
In the fourth year	25%: 20,000/1,000 x .25 x \$30 = \$150 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$30 = \$60 excise</u>
Total excise collect over 5-year period	\$1,650

IncreasedRate to \$30 per \$1,000 of Valuation + Amended Depreciation Schedule:

In the year preceding the designated

year of manufacture	60%: 20,000/1,000 x .60 x \$30 =	\$360 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$30 =	\$540 excise
In the second year	70%: 20,000/1,000 x .70 x \$30 =	\$420 excise
In the third year	50%: 20,000/1,000 x .50 x \$30 =	\$300 excise
In the fourth year	30%: 20,000/1,000 x .30 x \$30 =	\$180 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$30 =</u>	<u>\$60 excise</u>
Total excise collect over 5-year period		\$1,860

IncreasedRate to \$35 per \$1,000 of Valuation Only:

In the year preceding the designated

year of manufacture	50%: 20,000/1,000 x .50 x \$35 =	\$350 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$35 =	\$630 excise
In the second year	60%: 20,000/1,000 x .60 x \$35 =	\$420 excise
In the third year	40%: 20,000/1,000 x .40 x \$35 =	\$280 excise
In the fourth year	25%: 20,000/1,000 x .25 x \$35 =	\$175 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$35 =</u>	<u>\$70 excise</u>
Total excise collect over 5-year period		\$1,925

IncreasedRate to \$35 per \$1,000 of Valuation + Amended Depreciation Schedule:

In the year preceding the designated

year of manufacture	60%: 20,000/1,000 x .60 x \$35 =	\$420 excise
In the year of manufacture	90%: 20,000/1,000 x .90 x \$35 =	\$630 excise
In the second year	70%: 20,000/1,000 x .70 x \$35 =	\$490 excise
In the third year	50%: 20,000/1,000 x .50 x \$35 =	\$350 excise
In the fourth year	30%: 20,000/1,000 x .30 x \$35 =	\$210 excise
<u>In the fifth and succeeding years</u>	<u>10%: 20,000/1,000 x .10 x \$35 =</u>	<u>\$70 excise</u>
Total excise collect over 5-year period		\$2,170

In addition, Minimum Excise could be increased from \$5 to \$20 or \$25.

MISCELLANEOUS STATE & LOCAL FEES FIXED BY STATUTE

Note: This schedule does not include fees that are to be determined by identified department or agency officials, as such would typically be adjusted on a regular basis.

- G.L. c. 3, § 5. *Petition to General Court to incorporate as or merge or divide or otherwise alter structure of a city or town, utility or other public service corporation.*
- Current Fee: \$25
 - Last Update: No later than 1984; next previous amendments: 1956, 1939, 1937, 1928, 1926, 1924, . . .
- G.L. c. 3, § 7. *Petitions for Legislation Affecting Corporations Not Subject to § 5 to Be Deposited, etc.*
- Current Fee: \$25
 - Last Update: No later than 1984
- G.L. c. 6, § 168A. *Transmittal of Probation and Parole Records to Criminal History Systems Board; Access to Records.*
- Current Fee: \$3
 - Last Update: 1993 (year implemented)
- G.L. c. 6, § 172A. *CORI Information Request Fee.*
- Current Fee: \$25
 - Last Update: 1990 (year implemented)
- G.L. c.12, §§ 8F. *Attorney General; Annual Reports; Audited Financial Statements; Enforcement; Offenses and Penalties.*
- Current Fee: \$35, \$70, \$125, \$250
 - Last Update: 1992 (previously, \$25, regardless of basis amount)
- G.L. c. 21I, § 19. *Establishment of Toxics Use Fee.*
- Current Fee: Base: \$500, \$750, \$1250, \$2,500
Additional Fee per Incident: \$300 w/caps
 - Last Update: 1991, 1989
- G.L. c. 21J, § 2. *UST; Fees.*
- Current Fee: \$50 (dispensing facility), \$200 (use or maintenance)
 - Last Update: 1990
- G.L. c. 22C, §3. *State Police; Colonel; applications to join State Police*
- Current Fee: \$20 (max)
 - Last Update: 1992 (year implemented)
- G.L. c. 26, § 8G. *Auto Damage Appraiser License.*
- Current Fee: \$100 for initial exam; \$50 for re-exam or renew; \$20 to replace
 - Last Update: 1990
- G.L. c. 30, § 43. *State Employees Not to Take Fees for Regular tasks; Penalty.*
- Current Penalty: \$100
 - Last Update: 1920

- G.L. c. 31, § 20. *Application for (Civil Service) Examination or Registration; Fees; Information That May and May Not Be Required.*
- Current Fee: \$10
 - Last Update: 1981
- G.L. c. 36, § 24. *Federal Tax Liens; Recording of Notice; Fees; Discharge or Release; Certification.*
- Current Fee: \$5
 - Last Update: 1971
- G.L. c. 38, § 14. *Fee for Medical Examination of Body Intended for Cremation or Burial at Sea.*
- Current Fee: \$50
 - Last Update: 1992 (year implemented)
- G.L. c. 55B, § 5. *Objections to Nominations or Withdrawals, etc.*
- Current Fee: \$25
 - Last Update: 1977(?)
- G.L. c. 59, § 64. *Local Taxes; Appeal to County Commissioners; Election by Town to Have Appeal Heard, etc., by Appellate Tax Board; Proceedings.*
- Current Fee: \$2
 - Last Update: 1956
- G.L. c. 60, § 23. *Local Taxes; Certain Collectors to Furnish Certificates of All Liens on a Parcel; Fee; Municipal Lien Certificate Prerequisite for Recordation of Subdivision Plan.*
- Current Fee: \$25 & \$4
 - Last Update: 1987
- G.L. c. 60, § 23A. *Local Taxes; Fees Charged for Furnishing Certificates of Liens.*
- Current Fee: \$10 - \$100
 - Last Update: 1977
- G.L. c., § 23B. *Local Taxes; Certificates of Liens in Accepting Cities and Towns; Fee Schedule.*
- Current Fee: \$50 - \$150
 - Last Update: 1987
- G.L. c. 60, § 57A. *Local Taxes; Tendering Bad Checks in Payment of Taxes.*
- Current Penalty: \$25 or 1%, whichever is greater
 - Last Update: 1989
- G.L. c. 60, § 60. *Local Taxes; Payment of Taxes by Person Other than Owner of Fee.*
- Current Fee: \$1
 - Last Update: 1909 (?)
- G.L. c. 60, § 62. *Local Taxes; Redemption of Land Taken or Sold for Taxes.*
- Current Fee: \$1, \$3
 - Last Update: 1902?
- G.L. c. 60, § 79. *Sale Without Foreclosure of Lands Taken or Purchased by City or Town in Certain Cases.*
- Current Fee: \$50
 - Last Update: 1979

G.L. c. 62C, § 35. *Penalty for Worthless Check.*

- Current Penalty: \$10
- Last Update: 1976

G.L. c. 62E, § 14. *Institution Not to Inform Depositor of Commissioner's Request for Information; Penalty for Violation; Charging Fee on Account Levied on By Commissioner.*

- Current Penalty: \$1,000
- Current Fee: \$50
- Last Update: 1993 (both)

G.L. c. 66, § 10. *Records Open for Public Inspection.*

- Current Fee: "reasonable fess"; \$.50, \$1, \$5 for certain reports (e.g., accident reports, fire ins. Reports); per page surcharges
- Last Update: 1982

G.L. c. 68, § 19. *Certain Charitable Organizations Intending to Solicit Contributions Required to Register, etc.; Certificate of Registration; Information to be Given in Certain Required Statements, etc.; Fees; Approval.*

- Current Fee: \$50
- Last Update: 1992

G.L. c. 68, § 24. *Professional Fund-Raising Counsel, Professional Solicitors, and Commercial Co-Venturers to Register With Division; Fees; Bond; Term and Renewal of Registration, etc.*

- Current Fee: \$300 (professional solicitor)
\$200 (professional fund-raising counsel)
\$50 (commercial co-venturer)
- Last Update: 1992

G.L. c. 71, § 38F. *Public Schools; Director of Occupational Guidance and Placement; Penalty Misuse of Office.*

- Current Penalty: \$500 max.
- Last Update: 1941 (year of implementation)

G.L. c. 71, § 45. *Fees for Procuring Teachers' Positions Regulated; Penalty.*

- Current Fee: \$2 max.
- Last Update: 1911 (year of implementation)

G.L. c. 71, § 67. *Receipt of Commission, etc., by Superintendent for Obtaining Position for Teacher Penalized.*

- Current Penalty: \$50 - \$500
- Last Update: 1911 (year of implementation)

G.L. c. 73, § 1. *Educational Programs, etc.; Degrees; General Powers, Duties, etc., of Board of Trustees; Massachusetts Maritime Academy.*

- Current Fee: \$150 min.
- Last Update: 1964

G.L. c., § 11A. *Registration of Bicycles.*

- Current Fee: \$.50 - \$2.50
- Last Update: 1981

G.L. c. 90, §§ 2, 2E. *Motor Vehicles; Registration; Veteran & Other Special Plates*

- Current Fee: \$20 - \$25
- Last Update: 1991 & forward

G.L. c. 90, § 33. *Motor Vehicles; Fees. (typically, c. 90 fees are determined by A&F)*

- Current Fee: \$30 every 2 yrs Default if not otherwise proved
\$33.75 at least every 5 yrs (RMV License)
\$50, \$300, \$500, \$1,000 (RMV License Reinstatement)
- Last Update: 2000

G.L. c. 90, § 49Q. *Motor Vehicles; Service of Process; Proof of Service.*

- Current Fee: \$2
- Last Update: 1955

G.L. c. 90B, § 4. *Motor Boats; Lost, Destroyed or Mutilated Certificates; Replacement.*

- Current Fee: \$1
- Last Update: 1960

G.L. c. 90B, § 36. *Titled Motorboats; Proof of Ownership; Transfer; Certificates of Title.*

- Current Fee: \$15
- Last Update: 1989

G.L. c. 91, § 50. *Foreign Corporations Engaged in Wrecking or Salvaging Business to Be Licensed; Bond; Penalty.*

- Current Penalty: \$50 - \$300
- Last Update: 1917 (?)

G.L. c 94., § 41. *License; Granting, Fee, Term, Revocation; Appeal; Notice of Revocation, etc.; Lists of Certain Dealers; Milk & Cream.*

- Current Fee: \$10 max
- Last Update: 1981

G.L. c 94., § 44. *Charges for Inspection, etc., of Dairies, etc., Prohibited; Penalty.*

- Current Penalty: \$50 max.
- Last Update: 1914 (?)

G.L. c .94, § 45. *Use of Certain Containers Prohibited; Fees; Penalty.*

- Current Penalty: \$10
- Last Update: 1906

G.L. c 94., § 77H. *Sale, etc., of Lobster or Crab Meat Taken From Shell.*

- Current Fee: \$10
- Last Update: 1964

G.L. c 94., § 146. *Inspection of Meat, etc.; Regulations as to Exposure of Food for Sale.*

- Current Fee: \$5 max.
- Last Update: 1981

G.L. c 94., § 303B. *Fees for Licenses.*

- Current Fee: \$1 - \$5
- Last Update: 1981

G.L. c. 94, § 305E. *Permit for Transportation of Bakery Products into Commonwealth; Fees; Renewal; Exemptions; Penalties for Violations.*

- Current Penalty: \$25 - \$200
- Last Update: 1987

G.L. c. 94C, § 27. *Possession, Delivery, or Sale of Hypodermic Syringe, Needle or Similar Instrument Regulated; Prescriptions, Records, Licenses; Needle Exchange Program.*

- Current Fee: \$.50
- Last Update: 1980

G.L. c. 98, § 34. *Sealers and Deputy Sealers in Cities and Large Towns.*

- Current Penalty: \$500 max. for 1st; \$1,000 max. for 2nd +
- Last Update: 1996

G.L. c. 98, § 46A. *Calibrating, Sealing and Checking of Bulk Milk Tanks; Rules; Charts; Records; Fees.*

- Current Fee: \$15
- Last Update: 1960 (?)

G.L. c. 98, § 56. *Fees of Sealers.*

- Current Fee: \$20 - \$25; \$75, \$150, \$250
- Last Update: 1977; 1998

G.L. c. 100, § 3. *Application for Auctioneer's License; Requirements; Fee; Bond; Service of Process After Acceptance of License by Applicant.*

- Current Fee: \$100; \$2 (service of process for complaint against)
- Last Update: 1994

G.L. c. 100A, § 2. *Motor Vehicle Body Shops; Application Requirements; Service of Process.*

- Current Fee: \$300; \$2 (service of process for complaint against)
- Last Update: 1996

G.L. c. 101, § 33. *Hawkers & Peddlers; Temporary Licenses to Sell Articles for Charitable Purposes.*

- Current Fee: \$10 max.
- Last Update: 1981

G.L. c. 108, § 45. *Registered Limited Liability Partnership; Filing Requirements; Annual Report; Fees.*

- Current Fee: \$500 (Registration, Annual Report)
- Last Update: 1995

G.L. c. 109, § 61. *Limited Partnership; Filing Fees; Office of Secretary of State.*

- Current Fee: \$150 (Registration); \$75 (Amend., . . .); \$10 (Name Reservation)
- Last Update: 1982 (year of implementation)

G.L. c. 110, § 5. *Certificates Stating Real Name of Person Transacting Business to Be Filed; Fees; Index; Penalty.*

- Current Penalty: \$300
- Last Update: 1985

G.L. c. 110A, § 202. *Securities Brokers; Registration Procedure.*

- Current Fee: \$50
- Last Update: 1995

G.L. c. 110B, § 2. *Trademarks; Application for Registration.*

- Current Fee: \$25
- Last Update: 1973 (year of implementation)

G.L. c. 110B, § 5. *Term of Registration; Renewal.*

- Current Fee: \$25
- Last Update: 1973 (year of implementation)

G.L. c. 110B, § 6. *Assignment of Mark and Registration; Fee; Recording.*

- Current Fee: \$20
- Last Update: 1973 (year of implementation)

G.L. c. 110C, § 6. *Corp. Takeovers; Procedure for Hearing.*

- Current Fee: \$250
- Last Update: 1976

G.L. c. 111, § 51. *Licensing of Hospitals, Institutions for Unwed Mothers, and Clinics.*

- Current Fee: \$10, \$15, \$25
- Last Update: 1967 (?)

G.L. c. 111, § 127D. *Dwellings, etc., Unfit for Human Habitation; Parties, Process, etc., in District Court.*

- Current Fee: \$2
- Last Update: 1965

G.L. c. 111, § 154. *Killing and Rendering of Horses or Other Animals Regulated; Penalty.*

- Current Fee: \$10 max.
- Current Penalty: \$200
- Last Update: 1981

G.L. c. 111, § 155. *Licenses for Stables in Cities and Certain Towns.*

- Current Fee: \$40
- Last Update: 1981

G.L. c. 111, § 158. *Licenses for Stables in Small Towns.*

- Current Fee: \$20
- Last Update: 1981

G.L. c. 112, § 8. *Public Health; Certificate of Registration to be Recorded Before Practice; Fees; Procedure; Penalties.*

- Current Penalty: \$5 - \$100
- Last Update: 1948

G.L. c. 112, § 56D. *Institutional Licenses for Veterinarian Schools.*

- Current Fee: \$25
- Last Update: 1980 (year of implementation)

G.L. c. 112, § 87HHH. *License to be Recorded, Displayed, etc.; Regulation of Place of Practice of Electrolysis.*

- Current Fee: \$1
- Last Update: 1958 (year of implementation)

G.L. c. 114, § 49. *Licensing of Funeral Directors.*

- Current Fee: \$100 max.
- Last Update: 1981

G.L. c. 128, § 2A. *Horse Riding Instructors to Be Licensed; Fees, etc.*

- Current Fee: \$10; \$25
- Last Update: 1972 (year of implementation)

G.L. c. 128, § 2B. *Operation of Riding Schools and of Certain Stables Licensed and Regulated.*

- Current Fee: \$50
- Current Penalty: \$100
- Last Update: 1972

G.L. c. 128, § 8B. *Supervision of Mink Ranches.*

- Current Fee: \$3
- Current Penalty: \$100
- Last Update: 1969

G.L. c. 128, § 32. *Duties of Inspector; Regulations by Commission.*

- Current Fee: \$5 max.
- Last Update: 1992

G.L. c. 128, § 35. *Shipping, Transportation, etc., of Bees, etc., Regulated.*

- Current Fee: \$5 min.
- Last Update: 1992

G.L. c. 128, § 52. *Commercial Feeds; Registration; Refusal or Cancellation of Registration; Fee.*

- Current Fee: \$25
- Last Update: 1972 (year of implementation)

G.L. c. 128, § 66. *Fertilizer Mfg. & Dist.; Licenses; Fees.*

- Current Fee: \$125 (professional license) ; \$25 (product registration)
- Last Update: 1973 (year of implementation)

G.L. c. 128, § 68. *Fertilizer Mfg. & Dist.; Inspection; Fees.*

- Current Fee: \$25
- Last Update: 1973 (year of implementation)

G.L. c. 128A, § 4. *Horse & Dog Racing; License Fees; Refund.*

- Current Fee: \$300
- Last Update: 1981

G.L. c. 129, § 9. *Duties of Agents of Massachusetts Society for Prevention of Cruelty to Animals and Agents of Animal Rescue League of Boston.*

- Current Penalty: \$100
- Last Update: 1983

G.L. c. 129, § 45. *License to Engage in Business of Dealing in Equine Animals.*

- Current Fee: \$5; \$50
- Last Update: 1977 (year of implementation)

G.L. c. 129, § 46. *License Plates on Vehicles Used to Transport Equine Animals.*

- Current Fee: \$5
- Last Update: 1977 (year of implementation)

G.L. c. 130, § 70. *Taking, etc., of Scallops Regulated.*

- Current Penalty: \$30
- Last Update: 1941 (year of implementation)

G.L. c. 131, § 13A. *Requirement of Wildlands Conservation Stamp to Fish, Trap, or Hunt; Exemptions.*

- Current Fee: \$5
- Last Update: 1990

G.L. c. 131, § 17A. *Municipal Processing Fee.*

- Current Fee: \$1, \$1.50
- Last Update: 1996 (year of implementation)

G.L. c. 131, § 19. *Introduction of Fish and Fish Eggs into State Waters Regulated.*

- Current Fee: \$5
- Last Update: 1972

G.L. c. 131, § 39A. *Protection of Watershed Resources and Preservation of Natural Scenery in the Berkshire Mountains.*

- Current Fee: \$25
- Last Update: 1975 (?)

G.L. c. 132B, § 7. *Registration of Pesticides.*

- Current Fee: \$25
- Last Update: 1978 (year of implementation)

G.L. c. 136, § 4. *Certain Public Entertainments May be Licensed; Revocation.*

- Current Fee: \$2, \$5, \$20 max. (per event); \$50, \$100, \$400 max. (per year)
- Last Update: 1981

G.L. c. 136, § 7. *Certain Work May be Performed on Sunday.*

- Current Fee: \$10 max.
- Last Update: 1981

G.L. c. 136, § 14. *Certain Public Entertainments May be Performed on Legal Holidays; Licensing of Certain Sales to Tourists; Delivery, Processing, etc., of Laundry, etc.; Hunting.*

- Current Fee: \$20 max. (per event); \$400 max. (per year)
- Last Update: 1981

G.L. c. 136, § 15. *Certain Work May be Performed on Legal Holiday.*

- Current Fee: \$10 max.
- Last Update: 1981

G.L. c. 138, § 13. *Alcoholic Beverages; Licenses; Railroad Corporations; Airline Corporations; Ship Chandlers; Fees.*

- Current Fee: \$100 (RRs, Airlines); \$500 (Ship Chandlers)
- Last Update: 1975; 1983

G.L. c. 138, § 18. *Alcoholic Beverages; Wholesalers' and Importers' Licenses; Fee.*

- Current Fee: \$5,000 (liquor); \$2,500 (beer & wine); \$1,000 (sacramental wine)
- Last Update: 1975

G.L. c. 138, § 18A. *Licenses for Selling Agents of Foreign Importers and Manufacturers; Records; Fees.*

- Current Fee: \$1,000
- Last Update: 1975

G.L. c. 138, § 18B. *Issuance of Certificates of Compliance to Foreign Licensees Authorized to Export or Sell Alcoholic Beverages to Domestic Licensees.*

- Current Fee: \$10,000 max.
- Last Update: 1970 (?)

G.L. c. 138, § 19. *Licenses to Manufacture; Licensees to Keep Records; Fee.*

- Current Fee: \$2,000 – \$5,000
- Last Update: 1936 (?)

G.L. c. 138, § 19A. *Permits for Salesmen to Solicit Licensees.*

- Current Fee: \$15
- Last Update: 1975

G.L. c. 138, § 20. *Storage Permits; Commission to Make Rules.*

- Current Fee: \$50 - \$200
- Last Update: 1982

G.L. c. 138, § 20A. *Storage Permits for Warehousemen.*

- Current Fee: \$10
- Last Update: 1937 (?)

G.L. c. 138, § 22. *Transportation Permits; Exceptions; Fee; Penalty.*

- Current Fee: \$30 (MV); \$300 (RR, Air, Vessel); \$25
- Last Update: 1974

G.L. c. 138, § 30. *Certificate of Fitness; Issuance to Registered Pharmacist; Revocation; Expiration.*

- Current Fee: \$25
- Last Update: 1963

G.L. c. 138, § 34B. *Liquor Purchase Identification Cards.*

- Current Fee: \$25
- Last Update: 1992

G.L. c. 138, § 40. *Court May Order Analysis.*

- Current Fee: \$5 max.
- Last Update: 1933

G.L. c. 138, § 76. *Licenses for Manufacture, Transportation, Importation, Exportation and Sale of Alcohol for Mechanical, Manufacturing or Chemical Purposes.*

- Current Fee: \$300 - \$500
- Last Update: 1933

G.L. c. 140, § 2. *Innholders & Common Victuallers.*

- Current Fee: \$25 - \$50
- Last Update: 1981

G.L. c. 140, § 21E. *Food & Beverage Licensing of Clubs, Societies, Associations, or Other Organizations.*

- Current Fee: \$10 max.
- Last Update: 1981

G.L. c. 140, § 23. *Lodging Houses; Licenses; Term, Fee.*

- Current Fee: \$50 max.
- Last Update: 1981

G.L. c. 140, § 32B. *Trailer Parks & Campgrounds; Board of Health May Grant, Suspend, Revoke, and Reinstate Licenses; Expiration; Fee; Inspection by Department of Environmental Protection; Rules and Regulations.*

- Current Fee: \$10 - \$50
- Last Update: 1981

G.L. c. 140, § 32G. *Monthly Fees; Collection; Exemptions; Penalties.*

- Current Fee: \$6 - \$12/mo/mobile home in addition to § 32B, above.
- Current Penalty: \$100
- Last Update: 1966

G.L. c. 140, § 47. *Licenses for Coffee Houses; Fee, Term of License; Penalty.*

- Current Fee: \$5
- Last Update: 1917

G.L. c. 140, § 56A. *Licensing of Shooting Galleries.*

- Current Fee: \$20 max. (\$5 for renewals)
- Last Update: 1981

G.L. c. 140, § 59. *Used Car Lots; Licenses.*

- Current Fee: \$100 max.
- Last Update: 1981

G.L. c. 140, § 77. *Fee for Pawnbroker License.*

- Current Fee: \$100 max.
- Last Update: 1981

G.L. c. 140, § 102. *Small Loans Businesses; Relocation Investigation Fees.*

- Current Fee: \$50
- Last Update: 1980

G.L. c. 140, § 115. *Industrial Steam Engine or Furnace; Licenses; Application; Fee.*

- Current Fee: \$25 max.
- Last Update: 1981

G.L. c. 140, § 122. *Gun Dealer/Gunsmith's License.*

- Current Fee: \$20 max.
- Last Update: 1957 (?)

G.L. c. 140, § 122B. *License to Sell Ammunition; Penalties.*

- Current Fee: \$25 max.
- Last Update: 1981

G.L. c. 140, § 137A. *Kennel Licenses.*

- Current Fee: \$10; \$25; \$50
- Last Update: 1943 (?)

G.L. c. 140, § 139. *Dog Licenses; Fees; Refunds in Certain Cases Forbidden.*

- Current Fee: \$3 (m); \$6 (f)
- Last Update: 1971

G.L. c. 140, § 167. *Dogs May Be Required to Be Muzzled or Restrained; Killing Unmuzzled or Unrestrained Dogs, When Authorized.*

- Current Fee: \$6.50/day x 10 days, max.
- Last Update: 1967

G.L. c. 140, § 176. *Registration; Fees; Penalty.*

- Current Penalty: \$100 (false certificate)
- Last Update: 1948 (?)

G.L. c. 140, § 177A. *Mechanical Amusement Devices, Licensing and Regulation.*

- Current Fee: \$20 - \$100
- Last Update: 1981

G.L. c. 140, § 181A. *Certain Entertainers Appearing under Assumed Names to File True Names; Penalty.*

- Current Penalty: \$100
- Last Update: 1948

G.L. c. 140, § 183A. *Licenses Required by Innholders, etc., Conducting Certain Amusements; Applications for Licenses; Powers and Duties of Licensing Authorities.*

- Current Fee: \$5/event; \$100/yr.
- Last Update: 1981

G.L. c. 140, § 185H. *Licensing and Police Supervision of Dancing Schools in Boston and in Certain Other Cities and Towns.*

- Current Fee: \$5 max
- Current Penalty: \$100 max
- Last Update: 19__

G.L. c. 140, § 185I. *License Required for Telling of Fortunes for Money.*

- Current Fee: \$2 - \$50 max
- Current Penalty: \$100 max
- Last Update: 1981; 1963

G.L. c. 140, § 192. *Steamboats; Form of license; Fee; Posting.*

- Current Fee: \$1 - \$20
- Last Update: 1981

G.L. c. 142, § 6. *Plumbers; Licenses.*

- Current Fee: \$20 max.
- Last Update: 1981

G.L. c. 142A, § 11. *Home Improvement Contractors; Registration Fee.*

- Current Fee: \$100; \$200; \$300; \$500
- Last Update: 1991

G.L. c. 143, § 70. *Building Inspection; Appeals.*

- Current Fee: \$50
- Last Update: 1973

G.L. c. 146, § 50B (see § 2 of inserting act ; St.1972, c. 295). *Nuclear Power Plant Senior Supervising Engineers.*

- Current Fee: \$25
- Last Update: 1972

G.L. c. 146, § 67. *License to operate hoisting machinery.*

- Current Fee: \$75 min. (original)
\$60 min. (renewal)
- Last Update: 1991

G.L. c. 147, § 61. *Security systems license; certificate of clearance.*

- Current Fee: \$50 max.
- Last Update: 1987

G.L. c. 148, § 23. *Keeping, using and storage of volatile inflammable fluids; permit.*

- Current Fee: \$0.50
- Last Update: 1964

G.L. c. 148, § 38A. *Underground storage tank removal; permit.*

- Current Fee: \$200 max.
- Last Update: 1990

G.L. c. 148, § 39A. *Permits for Displays of Fireworks.*

- Current Fee: \$25 max.
- Last Update: 1981

G.L. c. 150, § 6. *Industrial disputes; Application for Arbitration.*

- Current Fee: \$400 min. (public sector grievance arbitration)
\$800 min. (private sector grievance arbitration)
\$100 min. (grievance mediation)
- Last Update: 1992

G.L. c. 156C, § 12. *Limited Liability Companies; Certificate of Organization; Annual Report; Fees.*

- Current Fee: \$500 (Certificate of Organization)
\$500 (Annual Report)
- Last Update: 1995

G.L. c. 156C, § 48. *Limited Liability Companies; foreign; registration; fee.*

- Current Fee: \$500
- Last Update: 1995

G.L. c. 159A, § 1. *Trolleys; fees.*

- Current Fee: \$25 max.
- Last Update: 1981

G.L. c. 160, § 76. *Railroads; certificate of project cost and sufficient capitalization.*

- Current Fee: \$50
- Last Update: 1906

G.L. c. 160, § 115. *Construction; additional capital stock; certificate of necessity and convenience*

- Current Fee: \$50
- Last Update: 1906

G.L. c. 164, §69J ½. *Fees for applications to construct electricity facility.*

- Current Fee: \$125,000 max.
- Last Update: 1992

G.L. c. 166A, § 9. *Community antenna television system.*

- Current Fee: \$100; \$0.80 per subscriber
- Last Update: 1977; upped per-subscriber fee from \$0.50 to \$0.80.

G.L. c. 167, § 38. *Supervision of banks. Foreign banks; certificate to transact business; housing partnership fund loan.*

- Current Fee: \$10,000 min.
- Last Update: 1996

G.L. c. 170, § 3-4A. *Application for certificate of approval; refusal of certificate; hearing; service of process..*

- Current Fee: \$100
- Last Update: 1986

G.L. c. 175A, § 8. *Rating organization; application for license; regulation; fee; subscription for services by insurer.*

- Current Fee: \$25
- Last Update: 1947

G.L. c. 181, § 15. *Liability to be sued.*

- Current Fee: \$10
- Last Update: 1984; formerly \$2.

G.L. c. 185C, § 19. *Commencement of proceedings.*

- Current Fee: \$100
- Last Update: 2002

G.L. c. 211D, § 2A. *Legal counsel for criminal defendant charged with misdemeanor or municipal ordinance violation.*

- Current Fee: \$150
- Last Update: 2002; formerly \$100.

G.L. c. 218, § 22. *Courts; procedure.*

- Current Fee: \$10 (claims under \$500); \$15 (claims over \$500)
- Last Update: 1993

G.L. c. 221, § 37. *Admission to the Bar.*

- Current Fee: \$700
- Last Update: 2002 (formerly \$500)

G.L. c. 227, § 5. *Agents for service of process; duty to appoint by certain individuals.*

- Current Fee: \$5
- Last Update: 1958

G.L. c. 231, § 103. *Waiver of jury trial and right of appeal in cases brought in district court.*

- Current Fee: \$50
- Last Update: 2002

G.L. c. 255, § 2. *Necessity of license*

- Current Fee: \$50
- Last Update: 1989

G.L. c. 261, § 23. *Supreme judicial, appeals and superior courts; items of costs*

- Current Fee: \$3
- Last Update: 1983

G.L. c. 61, § 26. *Taxation of forest lands & products*

- Current Fee: \$3 max.
- Last Update: 1975

G.L. c. 262, § 4. *Clerks of supreme judicial, county and appeals courts*

- Current Fee: \$250, \$225, \$75.
- Last Update: 2002.

G.L. c. 262, § 4C. *Surcharges on filing fees.*

- Current Fee: \$10
- Last Update: 1994

G.L. c. 262, § 8. *Enumeration of fees.*

- Current Fee: various
- Last Update: 1990

G.L. c. 262, § 14. *Arrest on mesne process*

- Current Fee: \$5
- Last Update: 1931

G.L. c. 262, § 13. *Service of process issued by land court*

- Current Fee: \$1
- Last Update: 1913

G.L. c. 262, § 17. *Execution of ejectment; service*

- Current Fee: \$1
- Last Update: 1913

G.L. c. 262, § 22. *Attendance upon certain courts*

- Current Fee: \$1
- Last Update: 1910

G.L. c. 262, § 23. *Examination of sureties; approval of bonds*

- Current Fee: \$5
- Last Update: 1953

G.L. c. 262, § 24. *Bail fees; limitation*

- Current Fee: \$40
- Last Update: 2002

G.L. c. 262 § 30. *Witness held in jail.*

- Current Fee: \$1.50 min.
- Last Update: 1902

G.L. c.262, § 34. *Enumeration of fees*

- Current Fee: various
- Last Update: 1986

G.L. c. 262, § 35. *Marriage*

- Current Fee: \$125 max.
- Last Update: 2002

G.L. c. 262, § 38. *Enumeration of fees*

- Current Fee: various
- Last Update: 2003

G.L. c. 262, § 39. *Enumeration of fees*

- Current Fee: various
- Last Update: 2003

G.L. c. 262, § 40. *Enumeration of fees*

- Current Fee: various
- Last Update: 2002

G.L. c. 262, § 42. *Enumeration of fees*

- Current Fee: various
- Last Update: 1902

G.L. c. 262, § 53. *Police witness fees*

- Current Fee: \$3
- Last Update: 1952

G.L. c. 271, § 7A. *Bazaars*

- Current Fee: \$50 max.
- Last Update: 1977

G.L. c. 276, § 30. *Recall of default warrant; arrest*

- Current Fee: \$50
- Last Update: 1994

G.L. c. 276, § 100. *Detailed reports of probation work; records; accessibility of information*

- Current Fee: \$3
- Last Update: 1975

MISCELLANEOUS FINES FIXED BY STATUTE: CRIMINAL; FRAUD

G.L. c.7, §22.	<i>Purchase of supplies and equipment; rules and regulations; duties of state purchasing agent.</i>
• Current Fine:	\$25-\$1000
• Last Update:	1998
G.L. c.18, §2.	<i>Comprehensive financial assistance program; services.</i>
• Current Fine:	\$100
• Last Update:	2000
G.L. c.6, §115A.	<i>Unit pricing of packaged commodities; retail sale; regulations; enforcement; penalties; report.</i>
• Current Fine:	\$100 max.
• Last Update:	1998
G.L. c.6, §183.	<i>Penalty for improper use of disseminated information; access to criminal offender record information; expenses.</i>
• Current Fine:	\$1000
• Last Update:	1993
G.L. c.18, §5B.	<i>Welfare fraud.</i>
• Current Fine:	\$200-\$5000
• Last Update:	1995
G.L. c.18, §5E.	<i>Return of unlawful payments.</i>
• Current Fine:	\$200-\$5000
• Last Update:	1995
G.L. c.59, §91.	<i>Fraudulent lists.</i>
• Current Fine:	\$1000
• Last Update:	1909
G.L. c.62C, §21.	<i>Disclosure of tax information.</i>
• Current Fine:	\$1000
• Last Update:	2003
G.L. c.62C, §73.	<i>Tax evasion, failure to collect or pay tax, keep records or supply information; penalties.</i>
• Current Fine:	\$500,000 max. (corp.)
• Last Update:	1983
G.L. c.62E, §8.	<i>Unauthorized disclosure of information; fine; administrative discipline.</i>
• Current Fine:	\$100 per offense
• Last Update:	2000
G.L. c.65C, §28.	<i>Removal or concealment of goods; penalties.</i>
• Current Fine:	\$1000
• Last Update:	1975

- G.L. c.90, §32F. *Leasing motor vehicles on mileage basis; fraud; violations; penalties.*
- Current Fine: \$25-\$250
 - Last Update: 1966
- G.L. c.93, §66A. *Introducing false information into reporting agency's files; penalty.*
- Current Fine: \$5000
 - Last Update: 1987
- G.L. c.94, §305. *Fraud in packing commodities sold by weight; penalties.*
- Current Fine: \$200 (\$100 first offense)
 - Last Update: 1919
- G.L. c.108, §42. *Fraudulent issuance or aiding in issuance; penalty; bill of lading defined.*
- Current Fine: \$5000
 - Last Update: 1959
- G.L. c.108, §43. *False statement in bill.*
- Current Fine: \$1000
 - Last Update: 1910
- G.L. c.108, §44. *Issuance of unmarked duplicate bill.*
- Current Fine: \$5000
 - Last Update: 1959
- G.L. c.112, §87AAA. *Complaints; investigation by board; revocation or suspension of license; grounds; penalties.*
- Current Fine: \$1000-2500
 - Last Update: 1973
- G.L. c.151D, §6. *Embezzlement or misappropriation of trust funds; fraud; penalties.*
- Current Fine: \$10,000 max.
 - Last Update: 1973
- G.L. c.152, §14. *Actions not based on reasonable grounds; illegal or fraudulent conduct; costs and penalties.*
- Current Fine: \$1000-10,000
 - Last Update: 1991
- G.L. c.152, §48. *Lump sum agreements.*
- Current Fine: \$10,000
 - Last Update: 1991
- G.L. c.166, §42A. *Telecommunication service; fraud; penalty.*
- Current Fine: \$10,000 max.
 - Last Update: 1995
- G.L. c.175, §170. *Agent or broker; fraud; penalty.*
- Current Fine: \$100-\$1000
 - Last Update: 1919
- G.L. c.224, §19. *Charges of fraud; procedure; sentence; appeal.*
- Current Fine: \$1000 max.
 - Last Update: 1974
- G.L. c.266, §30. *Larceny; general provisions and penalties.*
- Current Fine: \$25,000 max.
 - Last Update: 1995

G.L. c.266, §52. *Bank officers and employees; fraud or embezzlement.*

- Current Fine: \$2000 max.
- Last Update: 1934

G.L. c.266, §111A. *Insurance policies; penalty for fraudulent claims.*

- Current Fine: \$500-\$10,000
- Last Update: 2002

Tax Cuts Enacted Since 1990
(in Millions of Dollars)

	Enacted Date	Effective Date	FY00	FY01	FY02	FY03
Income tax rate reduction of 6.25% to 5.95% on "earned" income.	7/90	1/1/92	400.0	410.0	420.0	430.0
Repeal of sales tax on services.	3/91	3/8/91	270.0	270.0	270.0	270.0
New corporate research tax credit. At 10% and 15%, this credit is one of the highest in the country.	7/91	1/1/91	76.9	76.9	76.9	76.9
Estate tax reform. From 1993-1996, raise the estate tax exemption by \$100,000 per year from \$200,000 to \$600,000 – the same as the federal exemption. Starting in 1997, only estates with a value of \$600,000 or more are required to pay Massachusetts estate taxes, and amount of state tax is equal to the allowable credit against federal estate taxes ("sponge tax"), resulting in no additional state tax liability above and beyond what would be paid in federal estate taxes.	7/92	1/1/93	253.0	253.0	253.0	253.0
Increase corporate investment tax credit from 1% to 3%. Extended to 1/1/2004 in FY2000 budget.	3/93	1/1/93	12.0	12.0	12.0	12.0
Create new head of household income tax filing status. Raise personal exemption for single parents from \$2,200 to \$3,400.	7/94	1/1/94	13.0	13.0	13.0	13.0
Allow investment tax credit for leased equipment previously excluded from the ITC.	9/94	7/1/94	2.8	2.8	2.8	2.8
Raise no-tax-status threshold for low-income families with children. Married couples with children may earn up to \$12,000 plus \$1,000 plus per child tax-free. Heads of households may earn up to \$11,000 + \$1,000 per child tax-free.	12/94	1/1/95	13.5	13.5	13.5	13.5
Capital gains tax reform. Provide incentive for investors to invest long-term by reducing the tax on capital gains based on how long asset is held: <1 yr =12%, 1-2 yrs=5%, 2-3 yrs=4%, 3-4 yrs=3%, 4-5 yrs=2%, 5-6 yrs=1%, 6+ yrs=0%.	12/94	1/1/96	710.0	1,000.0	550.0	50.0
Bank tax reform. Reduce rate from 12.54% to 10.5% over 5 years.	7/95	1/1/95	39.0	39.0	39.0	39.0
Single sales factor apportionment formula. Phased-in over 5 years for manufacturers, effective 1/1/96 for defense contractors. Modified research credit for defense	11/95	1/1/96	90.0	95.0	101.0	107.0

manufacturers.						
Tuition deduction. Allow a deduction for the amount of college tuition paid that exceeds 25% of adjusted gross income.	7/96	1/1/97	13.5	13.5	13.5	13.5
Harbor maintenance tax credit. Credit against corporate excise for federal harbor maintenance taxes paid by shippers of goods through Massachusetts ports.	8/96	7/1/96	2.0	2.0	2.0	2.0
Apportionment reform for mutual fund companies. For the purpose of calculating the corporate excise, mutual fund service providers will source sales to the state of their customers effective 1/1/97. Single sales factor apportionment effective 7/1/97.	8/96	1/1/97	46.0	46.0	46.0	46.0
Tax reduction fund, Phase I. Increase in personal exemptions for tax year 1996 resulting from FY96 budget surplus. \$150 million tax revenue reduction occurred in FY97.	8/96	1/1/96	0.0	0.0	0.0	0.0
Tax Reduction Fund, Phase II. Increase in personal income tax exemption for tax year 1997 to expend remainder of FY96 transfer to Tax Reduction Fund. \$92 million tax revenue reduction threshold in FY98.	5/97	1/1/97	0.0	0.0	0.0	0.0
Earned Income Tax Credit. Taxpayers claiming federal earned income tax credit can claim a refundable credit on their Massachusetts tax returns equal to 10% of the amount claimed on the federal return.	7/97	1/1/97	30.0	30.0	30.0	30.0
Raise "Under 12" Dependent Deduction from \$600 to \$1,200.	7/97	1/1/97	15.0	15.0	15.0	15.0
Tax credit for septic system repairs required by Title V. Credit limited to 40% of cost of repairs, up to repair cost of \$15,000 (for credit of \$6,000). \$1,500 maximum credit per year, but carryforward allowed. Amended 7/98 to allow 5 year carryforward.	7/97	Tax years beginning 1/1/97, for repairs after 1/1/95	18.0	18.0	18.0	18.0
Sales tax exemption for internet access and related services. Internet access, electronic mail, electronic bulletin board, worldwide web hosting, and other similar services are exempted from Massachusetts sales tax.	8/97	Retro to 9/1/90	12.5	15.6	19.0	20.9
Exemption from state income tax of retirement pay and survivorship benefits of retirees from the military and other uniformed services.	11/97	1/1/97	18.4	19.3	20.0	20.0
Double Personal Exemptions - 73% increase for tax year 1998, 100% increase starting in tax year 1999. Single filer exemption increases from \$2,200 -> \$3,815 -> \$4,400, joint filer \$4,400 -> \$7,630 -> \$8,800, head of household from	7/98	1/1/98 and 1/1/99	492.0	499.4	506.9	514.5

\$3,400 ->\$5,895 ->\$6,800.						
Allow income exclusion for contributions to "403b" annuity plans (pension plans for non-profit/public school employees)	7/98	1/1/98	37.0			
Exempt earnings and distributions for Roth and Education IRAs. Updates Massachusetts tax laws to conform to federal code on Roth and education IRAs.	7/98	1/1/98	2.0			
\$250,000/\$500,000 capital gains exclusion for sale of principal residence. Updates Massachusetts tax law to conform to federal tax code.	7/98	1/1/98	1.0			
Reduce tax rate on interest & dividend income from 12% to 5.95%.	7/98	1/1/99	239.0	146.0		
Tax Reduction Fund, Phase III. Transfer \$200 million to Tax Reduction Fund and raise tax year 1998 personal exemptions by enough to cut taxes by \$200 million + interest and any other balance in the Tax Reduction Fund (approximately \$9 million) for a total tax cut of \$209 million. Results in tax cuts of approximately \$57 for single, \$115 for joint, and \$89 for head of household filers. \$209 million tax revenue reduction threshold in FY99.	8/98	1/1/98	0.0	0.0		
Insurance tax cuts. Contingent upon \$100 million in contributions to each of 2 newly created community development funds over a 5 year period: a) Phase out 14% tax on life insurers' net investment income b) Phase out 1% tax on property & casualty insurers' gross investment income c) Partial tax credit for "retaliatory" taxes paid by property and casualty insurers in states with lower tax rates than MA on premium income. Capped at \$8 million annually. d) 1.5% tax credit for contributions to community development funds that are in excess of annual requirements.	8/98	1/1/99	11.4	18.0		
Repeal of Pay-to-Play	11/1/1999	1/1/2000	30.0	18.0	3.0	8.0
Cut Part A & Part B Income Tax Rate from 5.95% to 5.75%. Phased in over 3 calendar years: Tax year 2000 = 5.85%, 2001 = 5.80%, 2002 = 5.75%.	11/99	1/1/00	70.0	181.0	266.0	17.0
Allow short- and long-term capital loss offsets against capital gains and interest/dividend income. Retroactive to tax year 1996. FY2000, FY2001 & FY2002 estimates include value of retroactive changes (\$88 million, spread over FY2000,	11/99	Retro to 1/1/96	50.0	48.0	20.0	10.0

FY2001, and FY2002). After retroactive offsets are claimed, cost is \$10 million annually for value of offsets against interest/dividend income over \$1000.						
Refundable State Tax Credit Against Property Taxes for Seniors ("Circuit Breaker"). Seniors are eligible for a tax credit to the extent that their property taxes or 25% of rent exceeds 10% of income. Filer's income must not exceed \$40k/\$50k/\$60k (single/head of household/joint filer), and value of property must not exceed \$400,000. Maximum credit is \$375 for tax year 2001, \$750 for tax year 2002 and thereafter. Starting with tax year 2001, all thresholds and credit amounts are adjusted for inflation over 1999 base.	11/99	1/1/01	0.0			
Low Income Housing Tax Credit. Provides 5 year tax credits to developers who set aside a specified percentage of housing units for low-moderate income renters.	11/99	1/1/01	0.0			
Increase Earned Income Tax Credit from 10% to 15% of Federal Credit Claimed.	11/99	1/1/01	0.0			
Increase Dependent under 12 Deduction, Extend it to Elderly and Disabled Dependents. Increase deduction from \$1,200 to \$2,400 (1/1/2001) to \$3,600 (1/1/2002) for filers with one dependent, and from \$1,200 to \$4,800 (1/1/2001) to \$7,200 (1/1/2002) for filers with more than one dependent.	11/99	1/1/01	0.0			
Increase Child/Dependent Care Expense Deduction. Raises cap on deductible child care expenses for children under 13 from \$2,400 to \$3,600 (1/1/2001) to \$4,800 (1/1/2002) for filers with one dependent and from \$2,400 to \$4,800 (1/1/2001) to \$9,600 (1/1/2002) for filers with more than one dependent.	11/99	1/1/01	0.0			
Increase Higher Education Student Loan Deduction. Removes some restrictions on loan deductibility that exist in the federal income tax code adopted by Massachusetts as of 1/1/98.	11/99	1/1/01	0.0	2.5	6.0	0.0
Increase Rental Deduction from \$2,500 to \$3,000.	11/99	1/1/01	0.0	3.0	14.0	14.0
Eliminate 3% Adjusted Gross Income Floor on Adoption Expense Deduction. Before this change, only adoption expenses in excess of 3% of a filer's adjusted gross income could be taken as a deduction. This change makes all adoption expenses	11/99	1/1/01	0.0	1.0	1.0	1.0

deductible.						
Sales Tax Exemption for Trigger Locks and Gun Safes	11/1/1999	1/1/01	0.0			
Banking Partnership Tax Reform	11/1/1999	1/1/2001	0.0			
Charitable Deduction: Allow individual income tax filers to deduct the same charitable deduction as is permitted on federal income tax returns. The amount allowable on the federal return will be available at the state level.	7/2000	1/1/2001	0.0			
8.00) Regress: Elimination of Sales Tax	7/1/2000		0.0			
Motor Fuels Tax: Freeze gas and diesel fuels tax at 2000 levels.	7/2000	7/2000	0.0			
Option 4: Reduce income tax rate on dividend income and interest from 4.9% and 5.6% in tax year 2000, 5.6% in 2001, and 5.0% in 2002.	11/2000	11/2000	0.0			
Exempt Amtrac and Paris from Sales Tax	11/1/2001	3/1/2002	0.0	3.0	3.0	3.0
Total, Enacted Tax Cuts			2,970.6	3,657.9	4,054.8	4,578.9

St. 2003, Chapter 4: Taxation Provisions

- 1) Real Estate Investment Trust (REIT) Dividends. This provision is aimed at those REITs controlled by a corporate parent claiming that the income earned by the REIT is not taxable and that the dividend paid by the REIT to its parent corporation is also 95% excludable from taxation. This clarifies the requirement, which is similar to the federal rules, of the parent corporation to include the dividend in income so that the income is taxed, at least, one time. No publicly traded REITs or individuals are impacted by this amendment.
- 2) Deductions for Intangible Royalties. Historically, both for federal and state purposes, corporations that make payments to related parties for the use of intangibles (e.g. trade names, trademarks, &c.) must demonstrate that the payments, in order to be deductible, were made for a valid business purpose, as opposed to a merely tax-motivated purpose. The recently decided *Sherwin Williams* case can be interpreted to mean that the business purpose doctrine need not be considered. This provision clarifies the requirement that the taxpayer show that the non-tax business purpose test is met. Without such a change, the ability for corporations to divert income to low or no tax jurisdictions (e.g., Delaware) is greatly enhanced.
- 3) Large S-Corp Taxation. The existing law allows small S-Corps (those with 75 or fewer owners) to be treated as pass through (no tax) entities similar to partnerships. However, for larger S-Corps, a corporate level tax is imposed (there is a \$6 million and \$9 million gross receipts test, with a 3% or 4.5% tax imposed, respectively). This provision is designed to prevent restructurings by large S-Corps that result in the avoidance of this tax, which cannot be performed by other S-Corps.
- 4) Future Interest Payments. This provision creates an incentive for taxpayers to pay inheritance taxes in advance. Current law requires that, for trusts established prior to 1976 (before the inheritance tax was replaced by the estate tax), a tax be paid based on the its fair market value at the time of and upon the trust's termination. Since these trusts have not yet terminated, no current tax is due.
- 5) Filing Requirements of Corporate Trusts. A corporate trust is any partnership, association or trust, the beneficial interest in which is represented by transferable shares. Under prior law, corporate trusts that receive less than 10% of their income in Massachusetts were not required to file an income tax return. Because of the tax benefits that were provided to corporate trusts, many entities were reorganizing to do business in

the corporate trust form and Massachusetts had been losing money from increasing corporate trust activity. This provision requires corporate trusts to file a return with Massachusetts regardless of amount of income apportioned to Massachusetts.

1. Taxation of Massachusetts Sourced Income. In a recent Massachusetts Supreme Judicial decision, the Court was asked to determine whether a non-resident was required to pay tax on pension payments received from a former Massachusetts employer during the years that the taxpayer did not carry on a trade or business in the Commonwealth. The Court found that since the "Taxation of Income Earned by Non-residents" statute neither explicitly permitted nor precluded taxation of non-resident income effectively connected with past Massachusetts employment where the taxpayer was not working in the state during the year of receipt *and* Massachusetts treats each tax year separately, then current state law was ambiguous as to whether such payments were taxable. This provision clarifies this previous ambiguity to explicitly define what constitutes non-resident "Massachusetts-source income."

MISCELLANEOUS NON-TAX REVENUE OPTIONS

- **State Retirement System:**
 2. *Extend Target Date for Full-Funded Status*
 3. *Bring Future Boston Teachers into State Teachers Retirement System*
 4. *Merge Certain Retirement Systems into State Retirement System*
- **Modify Certain Salary-Related Costs**
- **Modify Abandoned Property Laws**

State Retirement System:

The various Pension Funds and the issues that involve them provide a wide array of opportunities to enhance the financial picture of the Commonwealth.

The Pension Reserves Investment Trust (PRIT) Fund, which holds the pension funds of state employees and teachers currently contains approximately \$28.4 Billion, \$3 Billion less than it did 2 years ago.

The Commonwealth annually appropriates approximately \$1 Billion to the PRIT every year to reach full-funded status by 2023; thus, state expenditures can be reduced by bolstering the PRIT Fund. This can be accomplished by acquiring the satellite retirement systems separately administered for employees of the various state agencies, which are all currently at, near or above the 100% level. In all cases, the funded level of the agency systems are well above the funded level of the state employee & teacher systems, maintaining a better asset/liability ratio; thus, their acquisition would provide a net gain to the Commonwealth's General Fund. The administrative streamlining effectuated by such a multi-system merger would also produce further cost savings (another net benefit) for the Commonwealth.

5. *Adjust Comm. Pension Liability Fund (CPLF)*
 - Extend full funding target date to 2028, with triggers

This is an option that has some initial appeal; however, fiscal sobriety should deter the Commonwealth from jumping off its course toward debt-reduction. However, if the Legislature is compelled to derail from its funding schedule, it should strongly consider setting up triggers to automatically put the schedule back on course for full-funding 2028.

Currently, the Commonwealth appropriates close to \$1B/yr into the Commonwealth's Pension Liability Fund. Appropriations are calculated to combine with existing pension fund growth (currently assumed at the rate of

8.25%) to allow the Commonwealth to achieve "full-funded" status by the year 2023. 2028 was year initially selected as a target date for full funding, but favorable market conditions prompted the Legislature to accelerate the schedule to 2018 in order to take advantage of the enhanced credit rating that such accelerated payment schedule would promote. To alter this schedule as proposed (push target date back 10 yrs) would reduce annual appropriations by approximately 25% - 30%, but would also create a 10-yr debt situation for the taxpayers, which they are currently not scheduled to bear. Another, immediate, consequence would be an inevitable decrease in the Commonwealth's bond rating, which would make it more costly for the state to borrow for necessary capital improvements for the next quarter of a century. Thus, what seems like an immediate source of free cash has an immediate cost that offsets a portion of that free cash.

The Credit Card Analogy: The issue can be analogized to that facing an individual who has just had his or her salary reduced. S/he has a high-interest credit card that s/he has been working hard to pay down, receiving better and better interest rates from the bank that issues the card; the decision to be made now is to:

- cut spending and maintain favorable interest rates by staying on the path to being debt-free, or
- use the credit card, increase the balance (and perhaps the interest rate) knowing that s/he will not be able to begin meaningful outstanding balance reduction until his/her income situation improves.

6. *Boston Teachers:*

- bring into State Teachers' Retirement System

The Commonwealth currently reimburses the State-Boston Retirement System for the costs incurred to pay the benefits for retired Boston teachers. However, the Boston system deducts *and retains* all retirement contributions from their teachers, thereby rendering the State subsidy in the amount of the retiree costs a virtual windfall to the City of Boston. In the calendar year 2000, alone, the Commonwealth paid out \$32.2 million in reimbursements to Boston. This imbalance has been greatly exacerbated by the enactment of the Teachers' Early Retirement Plan (St. 2000, c. 114). The law does provide for an increased contribution rate for participating teachers to counterbalance their increased retirement benefits; however, it is Boston that receives all of the increased contributions, while it is the Commonwealth that pays all of the increased benefits.

The balance sheet for this item could be corrected by bringing all new Boston teachers (beginning service on or after July 1, 2003) into the State Teachers Retirement System. While a true balance would be struck only by bringing all current Boston teachers, active and retired, into the State system, along with all of their accumulated deductions and income derived therefrom, as well as any funds appropriated to the system to help cover their retirement costs, such course of action may be too disruptive to the Boston system, both financially

and administratively. Nonetheless, fiscal responsibility requires the Commonwealth to phase the plan in by taking in new Boston teachers, and their retirement contributions, while continuing to reimburse Boston for the costs of what will be a diminishing population of retiring teachers from whom the Commonwealth has received no deductions.

Such savings are necessary. In time, the subsidy to Boston will come to a complete halt, and, with proper investing, the Boston teachers will be absorbed into a self-sustaining State Teachers Retirement System, thereby obviating the requirement for future state appropriations to cover their benefit costs.

7. *State Agency Retirement Systems (including & excluding MBTA):*

- bring into State Employees' Retirement System

This proposal engenders a 3-part benefit for the Commonwealth:

- I. ONE-TIME ACQUISITIONS
- II. ANNUAL EARNINGS
- III. ANNUAL SAVINGS

Note: all figures are approximations from 1998 & 1999 valuations.

8. ONE-TIME ACQUISITIONS:

The PRIT Fund may benefit by acquisitions of the assets of the following fully funded and over funded retirement systems. This could be achieved by transferring members of these systems into the State Employees Retirement System. Significant savings may also be realized in the removal of their current independent boards and their concomitant administrative burdens.

Mass. Housing Finance Agency (MHFA) Retirement System \$38M

Funded Ratio: 117.1% [1/98]

1998 Market Value: \$38 million

1998 Liability (fully funded): \$32.45 million

Available Surplus: \$5.55 million

Mass. Water Resources Authority (MWRA) Retirement System \$120M

Funded Ratio: 100.0% [1/99]

1999 Market Value: \$120 million

1998 Liability (fully funded): \$0

Available Surplus: \$0

Mass. Port Authority (MassPort) Retirement System \$282M

Funded Ratio: 124.3% [1/00]

1999 Market Value: \$282 million

1998 Liability (fully funded): \$226.8 million
Available Surplus: \$55.2 million

Mass. Turnpike Authority (MTA) Retirement System \$173M
Funded Ratio: 104.1% [1/98]
1998 Market Value: \$173 million
1998 Liability (fully funded): \$166.1 million
Available Surplus: \$6.9 million

Mass. Bay Transportation Authority (MBTA) Retirement System \$1.71B
Funded Ratio: 109.99%
1998 Market Value: \$1.71 billion (end of 1998)
1998 Liability (fully funded): \$1.552 billion (end of 1997)
Available Surplus: \$155 million

****Note:** The MBTA System is not currently subject to G.L. c. 32 and is administered as a private trust fund. Thus, there may be certain legal obstacles to absorbing it into the State System, at least as concerns the *current* members and assets.

Total Market Value (including MBTA). \$2.32B

Total Surplus (including MBTA). \$222.65M

Total Market Value (not including MBTA). \$613M

Total Surplus (not including MBTA). \$67.65M

9. ANNUAL EARNINGS:

By transferring members of these systems into the State Employees Retirement System, the PRIT Fund would receive and retain both employee contributions and the income generated by investing the above-referenced acquired assets.

Note: Figures below do not indicate annual normal cost (retirement benefit payouts).

Boston Retirement System (Teachers) \$1.32M
Total Annual Employee Deductions: \$1,320,000
Assumptions: (Average Contribution Rate: 11%; Average Salary: \$30,000)
Projected *Incoming* Members in 2001: 400
Total Annual Deductions State Would Receive From Employee Deductions:
\$30,000 (salary) x 11% (contribution rate) x 400 members = \$1,320,000

Mass. Housing Finance Agency (MHFA) Retirement System \$3.9M
1998 Market Value: \$38 million
Actuarial Assumed Rate of Return: 8.25%
Actuarial Assumed Annual Amount of Return: \$3.14M
(est. sample 1-yr return)
Total Annual Employee Deductions: \$758,800

Assumptions: (Average Contribution Rate: 7%; Average Salary: \$40,000)

Active Members: 271

Total Annual Employee Deductions:

$\$40,000 \text{ (salary)} \times 7\% \text{ (contribution rate)} \times 271 \text{ members} = \$758,800$

Total Annual Employee Deductions + Investment Returns: \$3.9M

Mass. Water Resources Authority (MWRA) Retirement System . . . \$14.01M

1998 Market Value: \$120 million

Actuarial Assumed Rate of Return: 8.25%

Actuarial Assumed Annual Amount of Return: \$9.9M

(est. sample 1-yr return)

Total Annual Employee Deductions: \$4,110,400

Assumptions: (Average Contribution Rate: 7%; Average Salary: \$40,000)

Active Members: 1468

Total Annual Deductions State Would Receive From Employee Deductions:

$\$40,000 \text{ (salary)} \times 7\% \text{ (contribution rate)} \times 1468 \text{ (members)} = \$4,110,400$

Total Annual Employee Deductions + Investment Returns: \$14.01M

Mass. Port Authority (MassPort) Retirement System . . . \$26.46M

1998 Market Value: \$282 million

Actuarial Assumed Rate of Return: 8.25%

Actuarial Assumed Annual Amount of Return: \$23.27M

(est. sample 1-yr return)

Total Annual Employee Deductions: \$3,186,400

Assumptions: (Average Contribution Rate: 7%; Average Salary: \$40,000)

Active Members: 1138

1999 Market Value: \$282 million

Total Annual Deductions State Would Receive From Employee Deductions:

$\$40,000 \text{ (salary)} \times 7\% \text{ (contribution rate)} \times 1138 \text{ (members)} = \$3,186,400$

Total Annual Employee Deductions + Investment Returns: \$26.46M

Mass. Turnpike Authority (MTA) Retirement System . . . \$17.89M

1998 Market Value: \$173 million

Actuarial Assumed Rate of Return: 8.25%

Actuarial Assumed Annual Amount of Return: \$14.27M

(est. sample 1-yr return)

Total Annual Employee Deductions: \$3,620,400

Assumptions: (Average Contribution Rate: 7%; Average Salary: \$40,000)

Active Members: 1293

1998 Market Value: \$173 million

Total Annual Deductions State Would Receive From Employee Deductions:

$\$40,000 \text{ (salary)} \times 7\% \text{ (contribution rate)} \times 1293 \text{ (members)} = \$3,620,400$

Total Annual Employee Deductions + Investment Returns: \$17.89M

Mass. Bay Transportation Auth. (MBTA) Retirement System. . . \$151.6M

1998 Market Value: \$1.71 billion

Actuarial Assumed Rate of Return: 8.25%

Actuarial Assumed Annual Amount of Return: \$141.08M

(est. sample 1-yr return)

Total Annual Employee Deductions: \$10,512,967

Total Annual Employee Deductions + Investment Returns: \$151.6M

Total Annual Earnings (including MBTA). \$215.17M
 Total Annual Earnings (not including MBTA). \$63.57M

10. ANNUAL SAVINGS:

Boston Teachers \$32.2M

This is the amount that the Commonwealth reimbursed the City of Boston's retirement system for their retired teachers in calendar year 2000 pursuant to G.L. c. 32, § 20(2)(c). The savings would result from striking out § 20(2)(c).

11. *Teachers' Early Retirement Plan (St. 2000, c. 114):*

○ Phase Out

This is a state cost of approx. \$70M per year; unlike the state workers' ERP that was recently passed, which shifts cost from the state's operating budget (hard cost) onto the PRIT (soft cost, which itself has suffered substantial losses), the Teachers' plan shifts municipal hard costs onto the PRIT fund. The law does provide for an increased contribution rate for participating teachers to counterbalance their increased retirement benefits; however, in the case of Boston teachers, it is Boston that receives all of the increased contributions, while it is the Commonwealth that pays all of the increased benefits.

Salaries:

Police:

- Quinn Bill (G.L., c. 41, § 108L)¹²:

¹² G.L. c. 41, § 108L establishes a police career incentive pay program wherein cities and towns may, by local acceptance, authorize salary increases for police officers who have furthered their education in the field of police work. Said section is limited specifically to the following individuals:

- municipal police of a city or town that has accepted said section as a local option
- state police
- state police detectives

Regular full time police officers participating in the incentive pay program after September 1, 1976 shall be granted the following increase based on the degree he/she has attained.

Associate's Degree in Law Enforcement = 10% increase
 Bachelor's Degree in Law Enforcement = 20% increase
 Master's Degree in Law Enforcement or Law Degree = 25% increase

- Flatten / tighten / repeal; add fixed amount onto salary (e.g., \$2,000/yr. for Associate's Degree; \$4,000/yr. for Bachelor's Degree; \$6,000/yr. for Master's or Law Degree)

- Details:

- Reduce use in favor of flagmen

Mass. Turnpike Authority Chairman:

- Fix salary in same manner as other Members
 - Currently: Chair receives average of the salaries of the MBTA General Manager and the MassPort Executive Director; other Pike Auth. Members receive fixed salary of \$25, 852.

Abandoned Property:

- Reduce dormancy periods (currently range from 3 – 7 yrs; last comprehensive reduction: 1992)
- Reduce Abandoned Property Fund to \$250K (current \$500K, all overflow to pour into General Fund)

Current law further provides that the *Board of Higher Education* is authorized to establish and maintain a list of approved courses leading to a degree in law enforcement.

Current law further requires that the Commonwealth reimburse cities and towns for 50% of the cost of any salary adjustment made pursuant to this program.

Numbers Show Mass. Can't Have It All.

[*Boston Herald, Op-Ed; Apr. 14, 2003; Ed Moscovitch*]

Numbers show Mass. can't have it all

A picture is worth a thousand words. Let's put aside the ideology, hot rhetoric and preconceived notions on the subject of taxing and spending and look at what's actually been going on. The facts don't point to a right answer about what to do in the state's fiscal crisis, but they can inform us about the nature of the choice we face.

The solid line in the chart shows total state taxes as a percent of total personal income since Bill Weld became governor — that is, how big government has been in relation to the economy as a whole.

The dotted line shows what taxes would have been had we not changed the tax law.

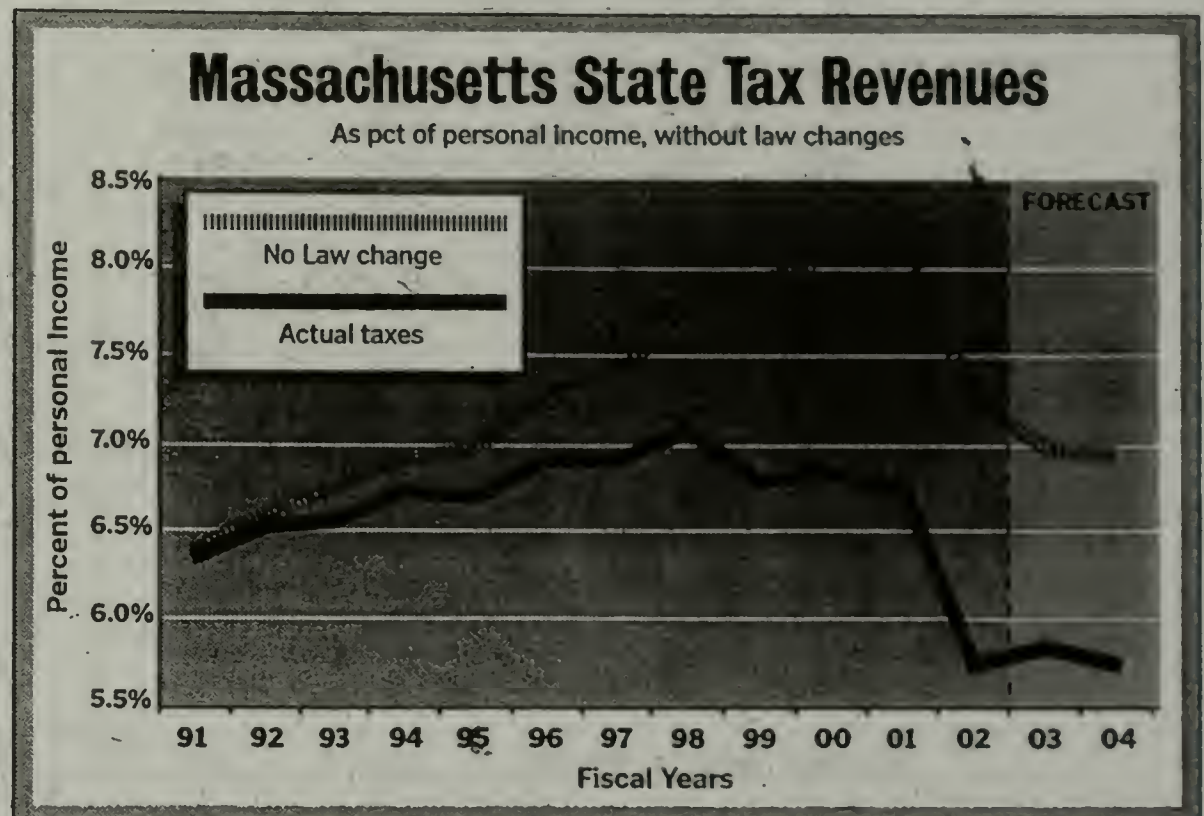
From 1991 to 1998, taxes gradually rose from 6.4 percent of personal income to 7.1 percent. Had we not cut taxes, they would have risen to 7.8 percent. Left alone, the tax system would have grown substantially faster than the economy as a whole. Half of this extra growth was used to cut tax rates; half went to increasing the government share.

Leaving aside the peak year of 1998, actual tax revenues were stable, at 6.8 percent of the economy, from 1996 to 2001. Absent tax changes, revenues would have grown by a full 1 percent of personal income (about \$2.5 billion at current income levels); all of this growth was used to reduce taxes.

In 2002, the bottom fell out; even without the voter-enacted tax cuts, revenues would have plummeted by 1.2 percent of income (\$2.8 billion) in just two years. And even after last year's tax bill, revenues today represent a lower percent of the economy by a full percentage point, or \$2.5 billion than the stable levels of the 1996-2001 period.

Given the nature of the state tax system, we can predict that under ordinary circumstances revenues would grow at about the same rate, perhaps a shade faster, than the economy as a whole. It is not surprising that 1991 tax law would produce essentially the same revenue share now as it did then. But how to explain the wild ride in between?

Much of the growth in state tax revenues in the boom years came not from ordinary



Source: Cape Ann Economics

STAFF GRAPHIC

wages and salaries, but from taxes on capital gains, stock options and bonuses. As long as the stock market was rising at 25 percent a year, we enjoyed enormous growth in these revenues. Gains alone represented close to \$1 billion.

With the market in a three-year decline, these revenues are gone; barring market growth of 25 percent a year for two or three years, they'll never come back.

In effect, the Weld-Cellucci tax changes decreased taxes on sustainable income and paid for them not in service reductions but out of revenues on non-sustainable, stock market-related income. Now that the boom is over, the bill has come due.

Unfortunately, Gov. Mitt Romney's exaggerated claims that he's found \$2 billion in savings (most of which are increases in fees or cuts in services) hide this stark choice. He has sound proposals for making government more efficient, but they total more like \$300

million than \$3 billion.

Absent an increase in tax rates, then, we'll have a government well below what we'd come to expect as "normal" over the last decade. To put this in perspective, the shortfall is equal to more than twice the total government support for higher education or to the entire increase in Chapter 70 education aid since the enactment of the 1993 reforms. In human service terms, the shortfall is slightly greater than the combined spending on mental health and mental retardation.

Clearly, cuts of this magnitude cannot be made without great harm to people who rely on long-established programs.

Recent polls show that the people want no tax increase and no program cuts. Clearly, this can't happen. It's time for honest leadership to put the choice clearly before us.

Ed Moscovitch is president of Cape Ann Economics.

Appendix H

STATE INDIVIDUAL INCOME TAXES (Tax rates for tax year 2003 -- as of January 1, 2003)

	TAX RATE RANGE		Number of Brackets	INCOME BRACKETS		PERSONAL EXEMPTIONS			FEDERAL INCOME TAX DEDUCTIBLE
	Low	High		Lowest	Highest	Single	Married	Dependents	
ALABAMA	2.0	- 5.0	3	500 (b)	- 3,000 (b)	1,500	3,000	300	*
ALASKA	No State Income Tax								
ARIZONA	2.87	- 5.04	5	10,000 (b)	- 150,000 (b)	2,100	4,200	2,300	
ARKANSAS (a)	1.0	- 6.5 (e)	6	3,000	- 100,000	20 (c)	40 (c)	20 (c)	
CALIFORNIA (a)	1.0	- 9.3	6	5,834 (b)	- 38,291 (b)	80 (c)	160 (c)	251 (c)	
COLORADO	4.63		1	-----Flat rate-----		-----None-----			
CONNECTICUT	3.0	- 4.5	2	10,000 (b)	- 10,000 (b)	12,500 (f)	24,000 (f)	0	
DELAWARE	2.2	- 5.95	7	5,000	- 60,000	110 (c)	220 (c)	110 (c)	
FLORIDA	No State Income Tax								
GEORGIA	1.0	- 6.0	6	750 (g)	- 7,000 (g)	2,700	5,400	2,700	
HAWAII	1.4	- 8.25	8	2,000 (b)	- 40,000 (b)	1,040	2,080	1,040	
IDAHO	0.6	- 7.8	8	1,000 (h)	- 20,000 (h)	3,000 (d)	6,000 (d)	3,000 (d)	
ILLINOIS	3.0		1	-----Flat rate-----		2,000	4,000	2,000	
INDIANA	3.4		1	-----Flat rate-----		1,000	2,000	1,000	
IOWA (a)	0.36	- 8.98	9	1,211	- 54,495	40 (c)	80 (c)	40 (c)	*
KANSAS	3.5	- 6.45	3	15,000 (b)	- 30,000 (b)	2,250	4,500	2,250	
KENTUCKY	2.0	- 6.0	5	3,000	- 8,000	20 (c)	40 (c)	20 (c)	
LOUISIANA	2.0	- 6.0	3	10,000 (b)	- 50,000 (b)	4,500 (i)	9,000 (i)	1,000 (i)	*
MAINE (a)	2.0	- 8.5	4	4,200 (b)	- 16,700 (b)	4,700	7,850	1,000	
MARYLAND	2.0	- 4.75	4	1,000	- 3,000	2,400	4,800	2,400	
MASSACHUSETTS	5.0		1	-----Flat rate-----		4,400	8,800	1,000	
MICHIGAN (a)	4.0	(j)	1	-----Flat rate-----		3,000	6,000	3,000	
MINNESOTA (a)	5.35	- 7.85	3	18,710 (k)	- 61,461 (k)	3,000 (d)	6,000 (d)	3,000 (d)	
MISSISSIPPI	3.0	- 5.0	3	5,000	- 10,000	6,000	12,000	1,500	
MISSOURI	1.5	- 6.0	10	1,000	- 9,000	2,100	4,200	2,100	* (s)
MONTANA (a)	2.0	- 11.0	10	2,200	- 76,200	1,740	3,480	1,740	*
NEBRASKA (a)	2.56	- 6.84	4	2,400 (l)	- 26,500 (l)	94 (c)	188 (c)	94 (c)	
NEVADA	No State Income Tax								
NEW HAMPSHIRE	State Income Tax is Limited to Dividends and Interest Income Only.								
NEW JERSEY	1.4	- 6.37	6	20,000 (m)	- 75,000 (m)	1,000	2,000	1,500	
NEW MEXICO	1.7	- 8.2	7	5,500 (n)	- 65,000 (n)	3,000 (d)	6,000 (d)	3,000 (d)	
NEW YORK	4.0	- 6.85	5	8,000 (b)	- 20,000 (b)	0	0	1,000	
NORTH CAROLINA (o)	6.0	- 8.25	4	12,750 (o)	- 120,000 (o)	3,000 (d)	6,000 (d)	3,000 (d)	
NORTH DAKOTA	2.1	- 5.54 (p)	5	27,050 (p)	- 297,350 (p)	3,000 (d)	6,000 (d)	3,000 (d)	(p)
OHIO (a)	0.743	- 7.5 (q)	9	5,000	- 200,000	1,200 (q)	2,400 (q)	1,200 (q)	
OKLAHOMA	0.5	- 7.0 (r)	8	1,000	- 10,000	1,000	2,000	1,000	* (r)
OREGON (a)	5.0	- 9.0	3	2,500 (b)	- 6,300 (b)	145 (c)	290 (c)	145 (c)	* (s)
PENNSYLVANIA	2.8		1	-----Flat rate-----		-----None-----			
RHODE ISLAND	25.0% Federal tax liability (t)								
SOUTH CAROLINA (a)	2.5	- 7.0	6	2,400	- 12,000	3,000 (d)	6,000 (d)	3,000 (d)	
SOUTH DAKOTA	No State Income Tax								
TENNESSEE	State Income Tax is Limited to Dividends and Interest Income Only.								
TEXAS	No State Income Tax								
UTAH (a)	2.30	- 7.0	6	700 (b)	- 3,750 (b)	2,250 (d)	4,500 (d)	2,250 (d)	* (u)
VERMONT	3.6	- 9.5	5	27,950 (v)	- 307,050 (v)	3,000 (d)	6,000 (d)	3,000 (d)	
VIRGINIA	2.0	- 5.75	4	3,000	- 17,000	800	1,600	800	
WASHINGTON	No State Income Tax								
WEST VIRGINIA	3.0	- 6.5	5	10,000	- 60,000	2,000	4,000	2,000	
WISCONSIN	4.6	- 6.75 (w)	4	8,280	- 124,000	700	1,400	400	
WYOMING	No State Income Tax								
DIST. OF COLUMBIA	4.5	- 8.7 (x)	3	10,000	- 40,000	1,370	2,740	1,370	

RANGE OF STATE CORPORATE INCOME TAX RATES

(For tax year 2003 – as of January 1, 2003)

State	Tax Rates	Tax Brackets		# of Brackets	Bank Tax Rates	Federal Tax Deductible
ALABAMA	6.5	---Flat Rate---		1	6.5	*
ALASKA	1.0 - 9.4	10,000	90,000	10	1.0 - 9.4	
ARIZONA	6.968 (b)	---Flat Rate---		1	6.968	
ARKANSAS	1.0 - 6.5	3,000	100,000	6	1.0 - 6.5	
CALIFORNIA	8.84 (c)	---Flat Rate---		1	10.84 (c)	
COLORADO	4.63	---Flat Rate---		1	4.63	
CONNECTICUT	7.5 (d)	---Flat Rate---		1	7.5 (d)	
DELAWARE	8.7	---Flat Rate---		1	8.7-1.7 (e)	
FLORIDA	5.5 (f)	---Flat Rate---		1	5.5 (f)	
GEORGIA	6.0	---Flat Rate---		1	6.0	
HAWAII	4.4 - 6.4 (g)	25,000	100,000	3	7.92 (g)	
IDAHO	7.6 (h)	---Flat Rate---		1	7.6 (h)	
ILLINOIS	7.3 (i)	---Flat Rate---		1	7.3 (i)	
INDIANA	8.5	---Flat Rate---		1	8.5	
IOWA	6.0 - 12.0	25,000	250,000	4	5.0	* (k)
KANSAS	4.0 (l)	---Flat Rate---		1	2.25 (l)	
KENTUCKY	4.0 - 8.25	25,000	250,000	5	--- (a)	
LOUISIANA	4.0 - 8.0	25,000	200,000	5	--- (a)	*
MAINE	3.5 - 8.93 (m)	25,000	250,000	4	1.0	
MARYLAND	7.0	---Flat Rate---		1	7.0	
MASSACHUSETTS	9.5 (n)	---Flat Rate---		1	10.5 (n)	
MINNESOTA	9.8 (o)	---Flat Rate---		1	9.8 (o)	
MISSISSIPPI	3.0 - 5.0	5,000	10,000	3	3.0 - 5.0	
MISSOURI	6.25	---Flat Rate---		1	7.0	* (k)
MONTANA	6.75 (p)	---Flat Rate---		1	6.75 (p)	
NEBRASKA	5.58 - 7.81	50,000		2	--- (a)	
NEW HAMPSHIRE	8.5 (q)	---Flat Rate---		1	8.5 (q)	
NEW JERSEY	9.0 (r)	---Flat Rate---		1	9 (r)	
NEW MEXICO	4.8 - 7.6	500,000	1 million	3	4.8 - 7.6	
NEW YORK	7.5 (s)	---Flat Rate---		1	7.5 (s)	
NORTH CAROLINA	6.9 (t)	---Flat Rate---		1	6.9 (t)	
NORTH DAKOTA	3.0 - 10.5	3,000	50,000	6	7 (b)	*
OHIO	5.1 - 8.5 (u)	50,000		2	--- (u)	
OKLAHOMA	6.0	---Flat Rate---		1	6.0	
OREGON	6.6 (b)	---Flat Rate---		1	6.6 (b)	
PENNSYLVANIA	9.99	---Flat Rate---		1	--- (a)	
RHODE ISLAND	9.0 (b)	---Flat Rate---		1	9.0 (v)	
SOUTH CAROLINA	5.0	---Flat Rate---		1	4.5 (w)	
SOUTH DAKOTA	---				6.0-0.25% (b)	
TENNESSEE	6.5	---Flat Rate---		1	6.5	
UTAH	5.0 (b)	---Flat Rate---			5.0 (b)	
VERMONT	7.0 - 9.75 (b)	10,000	250,000	4	7.0 - 9.75 (b)	
VIRGINIA	6.0	---Flat Rate---		1	6.0 (x)	
WEST VIRGINIA	9.0	---Flat Rate---		1	9.0	
WISCONSIN	7.9	---Flat Rate---		1	7.9	
DIST. OF COLUMBIA	9.975 (y)	---Flat Rate---			9.975 (y)	

Source: Compiled by FTA from various sources
Note: Michigan imposes a single business tax (sometimes described as a business activities tax or

value added tax) of 1.9% on the sum of federal taxable income of the business, compensation paid to employees, dividends, interest, royalties paid and other items. Similarly, Texas imposes a franchise tax of 4.5% of earned surplus. Nevada, Washington, and Wyoming do not have state corporate income taxes.

(a) Rates listed include the corporate tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.

(b) Minimum tax is \$50 in Arizona, \$50 in North Dakota (banks), \$10 in Oregon, \$250 in Rhode Island, \$500 per location in South Dakota (banks), \$100 in Utah, \$250 in Vermont.

(c) Minimum tax is \$800. The tax rate on S-Corporations is 1.5% (3.5% for banks).

(d) Or 3.1 mills per dollar of capital stock and surplus (maximum tax \$1 million) or \$250.

(e) The marginal rate decreases over 4 brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7%.

(f) Or 3.3% Alternative Minimum Tax. An exemption of \$5,000 is allowed.

(g) Capital gains are taxed at 4%. There is also an alternative tax of 0.5% of gross annual sales.

(h) Minimum tax is \$20. An additional tax of \$10 is imposed on each return.

(i) Includes a 2.5% personal property replacement tax.

(k) Fifty percent of the federal income tax is deductible.

(l) Plus a surtax of 3.35% (2.125% for banks) taxable income in excess of \$50,000 (\$25,000).

(m) Or a 27% tax on Federal Alternative Minimum Taxable Income.

(n) Rate includes a 14% surtax, as does the following: an additional tax of \$7.00 per \$1,000 on taxable tangible property (or net worth allocable to state, for intangible property corporations); minimum tax of \$456.

(o) Plus a 5.8% tax on any Alternative Minimum Taxable Income over the base tax.

(p) A 7% tax on taxpayers using water's edge combination. Minimum tax is \$50.

(q) Plus a 0.50 percent tax on the enterprise base (total compensation, interest and dividends paid). Business profits tax imposed on both corporations and unincorporated associations.

(r) The rate reported in the table is the corporation business franchise tax rate. The minimum tax is \$500. An Alternative Minimum Assessment based on Gross Receipts applies if greater than corporate franchise tax. Corporations not subject to the franchise tax are subject to a 7.25% income tax. Banking and financial corporations are subject to the franchise tax. Corporations with net income under \$100,000 are taxed at 6.5%. The tax on S corporations is being phased out through 2007. The tax rate on a New Jersey S corporation that has entire net income not subject to federal corporate income tax in excess of \$100,000 will remain at 1.33% for privilege periods ending on or before June 30, 2006. The rate will be 0.67% for privilege periods ending on or after July 1, 2006, but on or before June 30, 2007; and there will be no tax imposed for privilege periods ending on or after July 1, 2007. The tax on S corporation with entire net income not subject to federal corporate income tax of \$100,00 or less is eliminated for privilege periods ending on or after July 1, 2007.

(s) Or 1.78 (0.1 for banks) mills per dollar of capital (up to \$350,000; or 2.5% of the minimum taxable income; or a minimum of \$1,500 to \$100 depending on payroll size (\$250 for banks); if any of these is greater than the tax computed on net income. An addition tax of 0.9 mills per dollar of subsidiary capital is imposed on corporations. Small corporations with income under \$290,000 pay a 7.5% tax on all income.

(t) Financial institutions are also subject to a tax equal to \$30 per one million in assets.

(u) Or 4.0 mills time the value of the taxpayer's issued and outstanding share of stock with a maximum payment of \$150,000. An additional litter tax is imposed equal to 0.11% on the first \$50,000 of taxable income, 0.22% on income over \$50,000; or 0.14 mills on net worth.

(v) For banks, the alternative tax is \$2.50 per \$10,000 of capital stock (\$100 minimum).

(w) Savings and Loans are taxed at a 6% rate.

(x) State and national banks subject to the state's franchise tax on net capital is exempt from the income tax.

(y) Minimum tax is \$100. Includes surtax.

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State Sales Tax Rates

January 1, 2003

-----Exemptions-----				
State	Tax Rates	Food	Prescription Drugs	Non-prescription Drugs
ALABAMA	4		*	
ALASKA	none			
ARIZONA	5.6	*	*	
ARKANSAS	5.125		*	
CALIFORNIA (3)	7.25 (2)	*	*	
COLORADO	2.9	*	*	
CONNECTICUT	6	*	*	*
DELAWARE	none			
FLORIDA	6	*	*	*
GEORGIA	4	*	*	
HAWAII	4		*	
IDAHO	5		*	
ILLINOIS (2)	6.25	1%	1%	1%
INDIANA	6	*	*	
IOWA	5	*	*	
KANSAS (6)	5.3		*	
KENTUCKY	6	*	*	
LOUISIANA	4	2% (4)	*	
MAINE	5	*	*	
MARYLAND	5	*	*	*
MASSACHUSETTS	5	*	*	
MICHIGAN	6	*	*	
MINNESOTA	6.5	*	*	*
MISSISSIPPI	7		*	
MISSOURI	4.225	1.225	*	
MONTANA	none			
NEBRASKA (7)	5.5	*	*	
NEVADA	6.5	*	*	
NEW HAMPSHIRE	none			
NEW JERSEY	6	*	*	*
NEW MEXICO	5		*	
NEW YORK	4	*	*	*
NORTH CAROLINA	4.5	* (4)	*	
NORTH DAKOTA	5	*	*	

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OHIO	5	*	*	
OKLAHOMA	4.5		*	
OREGON	none			
PENNSYLVANIA	6	*	*	*
RHODE ISLAND	7	*	*	*
SOUTH CAROLINA	5		*	
SOUTH DAKOTA	4		*	
TENNESSEE	7	6%	*	
TEXAS	6.25	*	*	*
UTAH	4.75		*	
VERMONT	5	*	*	*
		4.0%		
VIRGINIA	4.5 (2)	(5)	*	*
WASHINGTON	6.5	*	*	
WEST VIRGINIA	.6		*	
WISCONSIN	5	*	*	
WYOMING (3)	4		*	
DIST. OF COLUMBIA	5.75	*	*	*

* - indicates exempt from tax, blank indicates subject to general sales tax rate.
Source: Compiled by FTA from various sources.
(1) Some state tax food, but allow an (income) tax credit to compensate poor households. They are: ID, KS, SD, and WY.
(2) 1Includes statewide local tax of 1.25% in California and 1.0% in Virginia.
(3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.
(4) Food sales are subject to local sales taxes. In LA, food sales scheduled to be exempt on 7/1/03.
(5) tax rate on food is scheduled to decrease to 3.5% on 4/1/03. Statewide local tax is included
(6) Tax rate is scheduled to decrease to 5.2% on 7/1/03.
(7) Tax rate is scheduled to decrease to 5.0% on 10/1/03.

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State Liquor Excise Tax Rates

January 1, 2003

STATE	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	see footnote (1)	Yes	
Alaska	\$5.60	n.a.	under 21% - \$0.85/gallon
Arizona	3.00	Yes	
Arkansas	2.50	Yes	under 5% - \$0.50/gallon, under 21% -\$1.00/gallon; \$0.20/case and 3% off- 14% on-premise retail taxes
California	3.30	Yes	over 50% - \$6.60/gallon
Colorado	2.28	Yes	
Connecticut	4.50	Yes	under 7% - \$2.05/gallon
Delaware	3.75	n.a.	under 25% - \$2.50/gallon
Florida	6.50	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon 6.67¢/ounce on-premise retail tax
Georgia	3.79	Yes	\$0.83/gallon local tax
Hawaii	5.92	Yes	
Idaho	see footnote (1)	Yes	
Illinois	4.50	Yes	under 20% - \$0.73/gallon; \$0.50/gallon in Chicago and \$1.00/gallon in Cook County
Indiana	2.68	Yes	under 15% - \$0.47/gallon
Iowa	see footnote (1)	Yes	
Kansas	2.50	no	8% off- and 10% on-premise retail tax
Kentucky	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 9% wholesale tax
Louisiana	2.50	Yes	under 6% - \$0.32/gallon
Maine	see footnote (1)	Yes	
Maryland	1.50	Yes	
Massachusetts	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
Michigan	see footnote (1)	Yes	
Minnesota	5.03	--	\$0.01/bottle (except miniatures) and 9.0% sales tax
	see footnote		

Mississippi	(1)	Yes	
Missouri	2.00	Yes	
Montana	see footnote (1)	n.a.	
Nebraska	3.00	Yes	
Nevada	2.05	Yes	under 14% - \$0.40/gallon and under 21% - \$0.75/gallon.
New Hampshire	see footnote (1)	n.a.	
New Jersey	4.40	Yes	
New Mexico	6.06	Yes	
New York	6.44	Yes	under 24% - \$2.54/gallon; \$1.00/gallon New York City
North Carolina	see footnote (1)	Yes*	
North Dakota	2.50	--	7% state sales tax
Ohio	see footnote (1)	Yes	
Oklahoma	5.56	Yes	\$1.00/bottle on-premise and 12% on-premise
Oregon	see footnote (1)	n.a.	
Pennsylvania	see footnote (1)	Yes	
Rhode Island	3.75	Yes	
South Carolina	2.72	Yes	\$5.36/case and 9% surtax
South Dakota	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax
Tennessee	4.40	Yes	\$0.15/case and 15% on-premise; under 7% - \$1.21/gallon.
Texas	2.40	Yes	14% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	see footnote (1)	no	10% on-premise sales tax
Virginia	see footnote (1)	Yes	
Washington	see footnote (1)	Yes*	
West Virginia	see footnote (1)	Yes	
Wisconsin	3.25	Yes	
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	1.50	Yes	8% off- and 10% on-premise sales tax
U.S. Median	\$3.30		

Source: Compiled by FTA from various sources.

** Sales tax is applied to on-premise sales only.*

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.

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State Wine Excise Tax Rates

January 1, 2003

STATE	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	\$1.70	Yes	over 14% - sold through state store
Alaska	0.85	n.a.	
Arizona	0.84	Yes	
Arkansas	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off- and 10% on-premise
California	0.20	Yes	sparkling wine - \$0.30/gallon
Colorado	0.32	Yes	
Connecticut	0.60	Yes	over 21% and sparkling wine - \$1.50/gallon
Delaware	0.97	n.a.	
Florida	2.25	Yes	over 17.259% - \$3.00/gallon, sparkling wine \$3.50/gallon 6.67¢/4 ounces on-premise retail tax
Georgia	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax
Hawaii	1.36	Yes	Sparkling wine - \$2.09/gallon and wine coolers - \$0.84/gallon
Idaho	0.45	Yes	
Illinois	0.73	Yes	over 20% - \$4.50/gallon; \$0.30/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County
Indiana	0.47	Yes	over 21% - \$2.68/gallon
Iowa	1.75	Yes	under 5% - \$0.19/gallon
Kansas	0.30	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise
Kentucky	0.50	Yes*	9% wholesale
Louisiana	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon
Maine	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax
Maryland	0.40	Yes	
Massachusetts	0.55	Yes*	sparkling wine - \$0.70/gallon;
Michigan	0.51	Yes	over 16% - \$0.76/gallon
Minnesota	0.30	--	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; \$0.01/bottle (except miniatures) and 9.0% sales tax
Mississippi	0.35	Yes	over 14% and sparkling wine - sold through the state
Missouri	0.36	Yes	

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Montana	1.06	n.a.	over 16% - sold through state stores
Nebraska	0.75	Yes	over 14% - \$1.35/gallon
Nevada	0.40	Yes	14% to 22% - \$0.75/gallon, over 22% - \$2.05/gallon
New Hampshire	see footnote (1)	n.a.	
New Jersey	0.70	Yes	
New Mexico	1.70	Yes	over 14% - \$6.06/gallon
New York	0.19	Yes	
North Carolina	0.79	Yes	over 17% - \$0.91/gallon
North Dakota	0.50	--	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax
Ohio	0.32	Yes	over 14% - \$1.00/gallon, vermouth - \$1.10/gallon and sparkling wine - \$1.50/gallon
Oklahoma	0.72	Yes	over 14% - \$1.44/gallon, sparkling wine - \$2.08/gallon; \$1.00/bottle on-premise and 12% on-premise
Oregon	0.67	n.a.	over 14% - \$0.77/gallon
Pennsylvania	see footnote (1)	Yes	
Rhode Island	0.60	Yes	sparkling wine - \$0.75/gallon
South Carolina	0.90	Yes	\$0.18/gallon additional tax
South Dakota	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
Tennessee	1.21	Yes	\$0.15/case and 15% on-premise.
Texas	0.20	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 14% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	0.55	Yes	over 16% - sold through state store, 10% on-premise sales tax
Virginia	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store
Washington	0.87	Yes	over 14% - \$1.72/gallon
West Virginia	1.00	Yes	5% local tax
Wisconsin	0.25	Yes	over 14% - \$0.45/gallon
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	0.30	Yes	8% off- and 10% on-premise sales tax, over 14% - \$0.40/gallon and Sparkling - \$0.45/gallon.
U.S. Median	0.60		

State Beer Excise Tax Rates

January 1, 2003

	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	\$0.53	Yes	\$0.52/gallon local tax
Alaska	0.35	n.a.	
Arizona	0.16	Yes	
Arkansas	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 3% off-10% on-premise tax
California	0.20	Yes	
Colorado	0.08	Yes	
Connecticut	0.19	Yes	
Delaware	0.16	n.a.	
Florida	0.48	Yes	2.67¢/12 ounces on-premise retail tax
Georgia	0.48	Yes	\$0.53/gallon local tax
Hawaii	0.92	Yes	\$0.53/gallon draft beer
Idaho	0.15	Yes	over 4% - \$0.45/gallon
Illinois	0.185	Yes	\$0.16/gallon in Chicago and \$0.06/gallon in Cook County
Indiana	0.12	Yes	
Iowa	0.19	Yes	
Kansas	0.18	--	over 3.2% - {8% off- and 10% on-premise}, under 3.2% - 4.25% sales tax.
Kentucky	0.08	Yes*	9% wholesale tax
Louisiana	0.32	Yes	\$0.048/gallon local tax
Maine	0.35	Yes	additional 5% on-premise tax
Maryland	0.09	Yes	\$0.2333/gallon in Garrett County
Massachusetts	0.11	Yes*	0.57% on private club sales
Michigan	0.20	Yes	
Minnesota	0.15	--	under 3.2% - \$0.077/gallon. 9.0% sales tax
Mississippi	0.43	Yes	
Missouri	0.06	Yes	
Montana	0.14	n.a.	
Nebraska	0.23	Yes	
Nevada	0.09	Yes	
New Hampshire	0.30	n.a.	

New Jersey	0.12	Yes	
New Mexico	0.41	Yes	
New York (1)	0.125	Yes	\$0.12/gallon in New York City
North Carolina	0.53	Yes	\$0.48/gallon bulk beer
North Dakota	0.16	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	0.18	Yes	
Oklahoma	0.40	Yes	under 3.2% - \$0.36/gallon; \$1.00/case on-premise and 12% on-premise
Oregon	0.08	n.a.	
Pennsylvania	0.08	Yes	
Rhode Island	0.10	Yes	\$0.04/case wholesale tax
South Carolina	0.77	Yes	
South Dakota	0.27	Yes	
Tennessee	0.14	Yes	17% wholesale tax
Texas	0.19	Yes	over 4% - \$0.198/gallon, 14% on-premise and \$0.05/drink on airline sales
Utah	0.35	Yes	over 3.2% - sold through state store
Vermont	0.265	no	6% to 8% alcohol - \$0.55; 10% on-premise sales tax
Virginia	0.26	Yes	
Washington	0.261	Yes	
West Virginia	0.18	Yes	
Wisconsin	0.06	Yes	
Wyoming	0.02	Yes	
Dist. of Columbia	0.09	Yes	8% off- and 10% on-premise sales tax
U.S. Median	\$0.185		

SOURCE: Compiled by FTA from various sources.
* Sales tax is applied to on-premise sales only.
(1) Tax rate scheduled to decrease to 11.5 cents per gallon 9/1/03.

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State Motor Fuel Tax Rates

(January 1, 2003)

	GASOLINE			DIESEL FUEL			GASOHOL			Notes
	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	
Alabama /1	16.0	2.0	18.0	17.0	2.0	19.0	16.0	2.0	18.0	Inspection fee
Alaska	8.0		8.0	8.0		8.0	0.0		0.0	
Arizona	18.0		18.0	18.0		18.0	18.0		18.0	/3
Arkansas	21.5		21.5	22.5		22.5	21.5		21.5	
California	18.0		18.0	18.0		18.0	18.0		18.0	Sales tax applicable
Colorado	22.0		22.0	20.5		20.5	22.0		22.0	
Connecticut	25.0		25.0	26.0		26.0	24.0		24.0	
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.5% GRT /5
Florida /2	4.0	10.1	14.1	16.6	10.1	26.7	4.0	10.1	14.1	Sales tax added to excise /2
Georgia	7.5		7.5	7.5		7.5	7.5		7.5	Sales tax applicable (3%)
Hawaii /1	16.0		16.0	16.0		16.0	16.0		16.0	Sales tax applicable
Idaho	25.0	1	26.0	25.0	1	26.0	22.5	1	23.5	Clean water tax /7
Illinois /1	19.0	0.8	19.8	21.5	0.8	22.3	19.0	0.8	19.8	Sales tax appl., env. fee /3
Indiana	15.0		15.0	16.0		16.0	15.0		15.0	Sales tax applicable /3
Iowa	20.1		20.1	22.5		22.5	19.0		19.0	
Kansas /8	23.0		23.0	25.0		25.0	23.0		23.0	
Kentucky	15.0	1.4	16.4	12.0	1.4	13.4	15.0	1.4	16.4	Environmental fee /4 /3
Louisiana	20.0		20.0	20.0		20.0	20.0		20.0	
Maine /5	22.0		22.0	23.0		23.0	22.0		22.0	
Maryland	23.5		23.5	24.25		24.25	23.5		23.5	
Massachusetts	21.0		21.0	21.0		21.0	21.0		21.0	
Michigan	19.0		19.0	15.0		15.0	19.0		19.0	Sales tax applicable
Minnesota	20.0		20.0	20.0		20.0	20.0		20.0	
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.03	17.03	17.0	0.03	17.03	17.0	0.03	17.03	Inspection fee
Montana	27.0		27.0	27.75		27.75	27.0		27.0	
Nebraska	24.6	0.9	25.5	24.6	0.9	25.5	24.6	0.9	25.5	Petroleum fee /5
Nevada /1	24.0		24.00	27.0		27.0	24.0		24.00	
New Hampshire	18.0	1.5	19.5	18.0	1.5	19.5	18.0	1.5	19.5	Oil discharge cleanup fee
New Jersey	10.5	4.0	14.50	13.5	4.0	17.50	10.5	4.0	14.50	Petroleum fee
New Mexico /8	17.0	1.9	18.9	18.0	1.9	19.9	17.0	1.9	18.9	Petroeum loading fee
New York	8.0	14.6	22.6	8.0	12.85	20.85	8.0	14.6	22.6	Sales tax applicable
North Carolina	23.4	0.25	23.65	23.4	0.25	23.65	23.4	0.25	23.65	/4 Inspection tax
North Dakota	21.0		21.0	21.0		21.0	21.0		21.0	
Ohio	22.0		22.0	22.0		22.0	22.0		22.0	Plus 3 cents commerical
Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0	16.0	1.0	17.0	Environmental fee
Oregon /1	24.0		24.0	24.0		24.0	24.0		24.0	
Pennsylvania	12.0	13.9	25.9	12.0	18.8	30.8	12.0	13.9	25.9	Oil franchise tax
Rhode Island	30.0	1	31.0	30.0	1	31.0	30.0	1	31.0	LUST tax
South Carolina	16.0		16.0	16.0		16.0	16.0		16.0	
South Dakota /1	22.0		22.0	22.0		22.0	20.0		20.0	
Tennessee /1	20.0	1.4	21.4	17.0	1.4	18.4	20.0	1.4	21.4	Petroleum Tax & Envir. Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	24.5		24.5	24.5		24.5	24.5		24.5	
Vermont	19.0	1.0	20.0	25.0	1.0	26.0	19.0	1.0	20.0	Petroleum cleanup fee
Virginia /1	17.5		17.5	16.0		16.0	17.5		17.5	/6
Washington	23.0		23.0	23.0		23.0	23.0		23.0	0.5% privilege tax
West Virginia	20.5	4.85	25.35	20.5	4.85	25.35	20.5	4.85	25.35	Sales tax added to excise
Wisconsin /5	28.1		28.1	28.1		28.1	28.1		28.1	/5
Wyoming	13.0	1	14.0	13.0	1	14.0	13.0	1	14.0	License tax
Dist. of Columbia	20.0		20.0	20.0		20.0	20.0		20.0	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	13.0	0.1	13.1	/7 LUST tax

SOURCE: Compiled by FTA from various sources.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8 to 11.5 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 1.75 to 7.75 cents; OR, 1 to 3 cents; SD and TN, one cent; and VA 2%.

/2 Local taxes for gasoline and gasohol vary from 5.5 cents to 17 cents (average is 13.4¢). Plus a 2.07 cent per gallon pollution tax.

/3 Carriers pay an additional surcharge equal to AZ-8 cents, IL-6.3 cents (g) 6.0 cents (d), IN-11 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9%; and NC, 17.5¢ + 7%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, or cost of fuel to state government.

/6 Large trucks pay an additional 3.5 cents.

/7 Tax rate is reduced by the percentage of ethanol used in blending (reported rate assumes the max. 10% ethanol).

/8 Effective July 1, 2003, rates increase in KS, 24 cents (gasoline/gasohol), 26 cents (d); NM, decreases to 16 cents (gasoline/gasohol).

